

SCHEDULE 9 PAYMENT MECHANISM**1 Definitions**

- 1.1 Without prejudice to Schedule 1 (Definitions and Interpretations), for the purposes of this Schedule 9, the following terms shall have the following meanings:

Term	Definition
Act	Means the Late Payment of Commercial Debts (Interest) Act 1998 for the purposes of this Schedule 9;
Authority's Transport Officer	Means the individual named in box 10 of Schedule 23 (DEFFORM 111 – Addresses and Other Information);
DAB Form 10	Means the payment claim form referred to in paragraph 10 of this Schedule 9;
CP&F	Means the Authority's ordering, receipting and payment system;
Invoice Paying Authority	Means the Authority named in box 11 of Schedule 23 (DEFFORM 111 – Addresses and Other Information);
MoD Commercial Officer	Means the person nominated at Schedule 23 (DEFFORM 111) Box 1;
Payment Approval	Means completion by the Authority's Representative, including signature where required, of the appropriate parts of the Relevant Form, sufficient for submission as a claim for payment;
Receipting	Has the meaning set out in paragraph 9.3 of this Schedule 9; and

Price and Payment Adjustments

2 Introduction

- 2.1 In accordance with clause 39 (Payment), the Authority shall pay to the Contractor the Contract Price in accordance with the terms of this Contract and this Schedule 9.

3 Contract Price

- 3.1 In accordance with clause 42 (VAT), the Contract Price excludes any UK output VAT and similar EU (or non-EU) taxes, chargeable on the provision of the Training Services by the Contractor to the Authority.
- 3.2 VAT and similar EU (or non-EU) taxes, as appropriate, shall be added at the prevailing rate to all claims for payment made by the Contractor in accordance with this Schedule 9.

4 Monthly Sum

- 4.1 The Authority shall pay to the Contractor, in accordance with this Schedule 9, a monthly sum equal to one twelfth of the Annual Price for the relevant Contract Year as detailed in Annex B to Schedule 6 (Pricing Mechanism) (“**Monthly Sum**”).
- 4.2 The Monthly Sum shall be due from the Authority monthly in arrears.
- 4.3 The Monthly Sum payable shall be subject to an adjustment based on the achievement of the Satisfactory Performance in accordance with Schedule 12 (Performance Mechanism) and paragraph 5 of this Schedule 9.

5 Performance Mechanism

- 5.1 Schedule 12 (Performance Mechanism) details the mechanism for payment reduction in the event of a poor audit outcome in accordance with Schedule 13 (Authority Audit).
- 5.2 In the event of a deduction, calculated in accordance with Schedule 12 (Performance Mechanism) and Schedule 13 (Authority Audit), this shall be made by the Authority from the next Monthly Sum due to the Contractor under this Schedule 9.
- 5.3 In the event of a Sub-Standard Performance (Level 2), a deduction, calculated in accordance with Schedule 13 (Authority Audit), shall be made by the Authority from the next Monthly Sum due until the Contractor’s performance is returned to Satisfactory Performance, or otherwise deducted in accordance with paragraph 5, Schedule 12 (Performance Mechanism).
- 5.4 Subject to the provisions of Schedule 12 (Performance Mechanism), following the return of the Contractor’s performance to Satisfactory Performance, the Authority shall discontinue deductions as per paragraph 5.2 of Schedule 12 (Performance Mechanism).

6 Change

- 6.1 Changes to the Contract shall be made in accordance with Schedule 4 (Change and Change Management).
- 6.2 A change identified in accordance with Schedule 4 (Change and Change Management) that requires an adjustment to the Contract Price shall be calculated in accordance with Schedule 7 (Pricing of Change).
- 6.3 The adjustment to the Contract Price made in accordance with Schedule 4 (Change and Change Management) shall require an amendment to the Contract, which shall include an amendment to the Contract Price detailed in Annex B to Schedule 6 (Pricing Mechanism).
- 6.4 Payment of the Contract Price shall:
- a. in the event of an Exceptional Change, be amortised over the remaining months of the current Annual Price as determined in the amendment to this Contract agreed in accordance with paragraph 16 of Schedule 4 (Change and

- Change Management) and Schedule 7 (Pricing of Change), and subsequently added or deducted from the Monthly Sum; or
- b. in the event of a Break of Task, be amortised in a fair and reasonable manner over the relevant period as determined in the amendment to this Contract agreed in accordance with paragraph 13 of Schedule 4 (Change and Change Management) Schedule 7 (Pricing of Change), and subsequently added or deducted from the Monthly Sum; or
 - c. in the event of an Annual Change agreed in accordance with paragraph 10 of Schedule 4 (Change and Change Management) and Schedule 7 (Pricing of Change), be divided by twelve and added or deducted to each of the relevant Monthly Sum payable in the relevant Contract Years; or
 - d. in the event of a UOTR, be added to the Monthly Sum payable in a fair and reasonable manner over the period of performance as determined in the amendment to this Contract agreed in accordance with paragraph 12 of Schedule 4 (Change and Change Management) and Schedule 7 (Pricing of Change).
- 6.5 The date from which the Contract Price is adjusted shall be in accordance with the effective date of the amendment to this Contract made in accordance with Schedule 4 (Change and Change Management).

7 Annual Review

- 7.1 Pending the outcome of the Annual Review described in Schedule 6 (Pricing Mechanism), the Contractor shall be entitled to payment of Contract Price for the relevant Contract Year detailed in Annex B to Schedule 6 (Pricing Mechanism) in accordance with paragraph 4 of this Schedule 9.
- 7.2 In the event that re-baselining occurs in accordance with paragraph 9 of Schedule 6 (Pricing Mechanism), the Parties shall, within the resultant amendment to this Contract, adjust the remaining Monthly Sum for the Contract Year to take account of the sums already paid in order to ensure that the Annual Contract Price paid for the relevant Contract Year does not exceed the re-base-lined Annual Contract Price for the relevant Contract Year.

8 Authority Authorisation of Payment

- 8.1 In accordance with Schedule 3 (Governance & Contract Management), the Operating Board Chairman, or the Authority's representative to whom the Operating Board Chairman delegates responsibility to in his absence, shall be responsible for authorising payment to the Contractor in accordance with the provisions of paragraphs **Error! Reference source not found.** to 14 of this Schedule 9.
- 8.2 The Contractor shall be entitled to submit all claims for payment of the Monthly Sum to the Operating Board Chairman for approval no earlier than the last day of the relevant month.
- 8.3 Payment of the invoice, or part thereof, submitted in accordance with this Schedule 9 shall not be unreasonably withheld because of a query over any part or parts of that invoice. Only that part of any such invoice which relates to the items in dispute shall be withheld. In the event of any dispute, the

Authority shall provide, within five days from receipt of the invoice, written notice of such, together with details to enable the Contractor to establish the reasons for the Authority withholding payment.

9 Payment Under CP&F

9.1 For the purposes of this paragraph 9, Relevant Day means the day which is 30 days after the later of:

- a. the day upon which a valid delivery label in accordance with paragraph 9.2 is received by the Authority; and
- b. the date of completion or performance of the part of this Contract to which the delivery label relates.

9.2 In order to obtain payment, the Contractor shall, upon completion or performance of this Contract (or of any part of this Contract for which the Contractor is entitled to payment) submit a delivery label. The Contractor shall complete and dispatch the delivery label in accordance with DEFFORM 129J as set out in paragraph 10.

9.3 Upon receipt of the delivery label, the Authority shall without delay either:

- a. enter the relevant details into CP&F, indicating confirmation of the provision of the Training Services ("**Receipting**"); or
- b. notify the Contractor in writing, giving reasons why it considers Receipting of the applicable Training Services may be withheld.

9.4 The Contractor shall submit all claims for payment to the Authority, using a properly prepared message structure and format for an invoice in accordance with the arrangements set out in DEFFORM 30 agreement reference number FLEET/00428.

9.5 All valid, properly prepared invoices submitted to the Authority in accordance with this paragraph 9 shall be paid by the Authority on or before the Relevant Day.

9.6 Receipting by the Authority shall not be construed as acceptance by the Authority of the performance of the Contractor's obligations nor as a waiver of its rights and remedies either under this Contract or otherwise.

9.7 Where and to the extent that the debt would otherwise be a "qualifying debt" under the Act :

- a. the interest provided for by this paragraph 9 is a contractual remedy and is not statutory interest. Therefore, to the extent permissible by Law, the provisions of the Act relating to statutory interest shall not apply to this Contract;
- b. from the day after the Relevant Day and thereafter until payment is made, simple interest at a rate calculated in accordance with paragraph 9.7c, may be claimed by the Contractor on the value of all valid claims for payment (or unpaid parts thereof);
- c. without prejudice to paragraph 9.7a, the rate of interest referred to in paragraph 9.7b shall be the prevailing rate of statutory interest (as defined in the Act) on the Relevant Day;

- d. no interest shall be payable for any period of delay attributable to the conduct of the Contractor;
- e. all claims for interest made pursuant to this paragraph 9 shall be notified in writing to the MOD Commercial Officer shown at box 1 of Schedule 23 (DEFFORM 111); and
- f. any interest pursuant to this paragraph 9 shall not form a part of the Contract Price and, as a remedy for late payment, shall not be subject to VAT.

9.8 If and to the extent that any term of this paragraph 9 shall be held to be, or to cause the clause or this Contract to be, void, invalid, unlawful or unenforceable, such term shall, to that extent, be omitted from this clause and the rest of the clause shall stand.

9.9 Where and to the extent that the Housing Grants Construction and Regeneration Act 1996 applies to this Contract, a payment becomes due under this Contract on the day which is the later of:

- a. the day upon which a delivery label is received by the Authority in accordance with paragraph 9.1; and
- b. the date of completion or performance of the part of this Contract to which the delivery label relates.

9.10 The final date for payment in relation to any relevant sum which becomes due in accordance with this paragraph 9.10 and this Contract, is the Relevant Day.

10 Payment of Bills Using the Bankers Automated Clearing Service (BACS)

10.1 The Invoice Paying Authority shall make payment to the Contractor of all valid claims submitted for payment in accordance with the terms and conditions of this contract by means of the Bankers Automated Clearing Service (BACS) directly into the Contractor's nominated bank account. To facilitate payment by means of the BACS system, the Contractor shall provide the Invoice Paying Authority in advance of the submission of valid claims, if it has not already done so, details of the name and address of its bank, the sort code and account number.

DEFFORM 129J – Shipping Form Design

10.1 The Contractor shall use the following design and complete the fields in accordance with paragraph 9 (Annex A to DEFFORM 129J)¹:

From: 777 ANGEL ROAD St PAULS EDENVILLE HE6 40N		Unique Identifier:  823456-8234/823458234/82349245	
Via:		To:	
Demand / Task Reference:  *BC278787*			
Description:			
RDD:	SPC:	UN Haz Code:	
Date Shipped:	Batch Number:	Piece Number:	
Weight:	Dimensions:		
NSN:  *5120996260953*			
IMC/DMC:	D of Q:	Qty in Package: Total this Delivery:	

¹ Four fields have been completed for illustration purposes only.

15 ANNEX A TO DEFFORM 129J - Shipping Form Attributes

15.1 The following table details the shipping form fields.

Field	Field Name	Field Description		Field Size	Data Type	Format	Mandatory for:
A	From	Details of the supplier providing the Goods or Service.		256	alphanumeric		Goods & Services
B	Unique Identifier (UOI, URRR or EUPI)	Unique Order Identifier (UOI) Produced by P2P for non inventory Purchase Orders	The identifier that P2P uses to uniquely identify a specific shipment within a Purchase Order Line. These fields are concatenated together in the UOI. This field should be provided in both Bar Code Symbology 39 and human readable text.	30	Alphanumeric and Bar Code Symbology 39	A concatenation of the PO Number, PO Line Number and PO Shipment Number delimited by the forward slash character '/' If the PO Number is for a Blanket Purchase Agreement (BPA) then the format of the Number is: BPA Number and BPA Release Number delimited by the hyphen character '-'. Example of a UOI for a BPA: <i>123456-1234/12345/1234</i> If the PO Number is for a Standard PO and Contract Purchase Agreement (CPA) then the format of the Number is: Numeric Example of a UOI for a Standard PO or CPA: <i>23456/12345/1234</i>	Goods & Services
		Unique Receipt Reference Identifier	An alpha/numeric sequence that links the item received to	6	This attribute is provided in	5 or 6 alphanumeric in the following formats:	Goods and Services

Field	Field Name	Field Description	Field Size	Data Type	Format	Mandatory for:
		<p>(URRI) Produced by P2P for Inventory Orders</p> <p>original Purchase Order/Dues-In. For each full or part item delivery the Trading Partner will add an alpha suffix to the Unique Receipt Reference Number.</p>		both Bar Code 39 and human readable text format.	<p>For deliveries to Sea: Sxxxxxa e.g. S1234AA</p> <p>For deliveries to Land: Lxxxxxa e.g. L1234BA</p> <p>For deliveries to Air: xxxxxA e.g. 12345A</p>	
		<p>Electronic Business Capability Unique Package Identifier (EUPI)</p> <p>An alphanumeric sequence generated by the supplier.</p>	12	alphanumeric		Goods
C	Via	<p>Intermediate Address responsible for forwarding the package to the final destination.</p> <p>The address to which the supplier should send the delivery if filled in.</p>	256	alphanumeric		Goods and Services
D	To	<p>The Final Address to which the package shall be delivered or, in the case of a service, the address of the receiving authority.</p> <p>Unit name Delivery Address 1 Delivery Address 2 Delivery Address 3 Delivery Address 4 Delivery Address 5 Delivery Address Post Code Country</p>	256	alphanumeric		Goods and Services

Field	Field Name	Field Description	Field Size	Data Type	Format	Mandatory for:
E	Demand / Task Reference	Orders from P2P (Where the Unique Identifier is either the UOI or URR1) Contract Number identifying the MoD contract placed on a supplier responsible for the supply of specific goods <i>And if an inventory order</i>	12	alphanumeric		Goods and Services
		Inventory Orders from P2P (where the Unique Identifier is the URR1) Order Number identifying Purchase Order / warrant Order / Requisition placed against an Enabling Contract for the delivery of goods against that Contract. This attribute is provided in both Bar Code 39 and human readable test format.	20	alphanumeric & Barcode 39		Goods
		Non P2P electronic Orders (Where the Unique Identifier is the EUPI)	Demand Date + Serial Number + Line number + UIN	8+5+6+6	alphanumeric	DDMMYYYY + 12345678 + 12345 + 123456 + 123456
F	Description	Description of the item or service as defined in the contract.	240	alphanumeric		Goods and Services
G	RDD	Required Delivery Date (RDD) that the package is required at the demander's point of delivery.	8	numeric	DD/MM/YYYY	Goods
H	SPC	The Standard Priority Code denoting at what speed the package should be handled within MoD Supply Chain.	2	numeric		Goods
J	UN Haz Code	UN Hazard Class. Denotes the potential hazard of the items within the package	2	alphanumeric		Goods

Field	Field Name	Field Description	Field Size	Data Type	Format	Mandatory for:
		References: DEFCON 68 and DEFCON 129				
K	Date Shipped	Date package dispatched from the supplier or service provided.	8	Numeric	DD/MM/YYYY	Goods and Services
L	Batch Number	Batch Production Number indicated on the goods if required				Goods
M	Piece Number	The specific number of the package as a constituent of a number of packages delivered to complete one order. i.e. 1 of 1, 2 of 2 or 4 of 10	6	alphanumeric		Goods
N	Weight	The gross weight of the package in metric format.	8	numeric		Goods
P	Dimensions	The size of the package in L x B x H in metric format	15	alphanumeric		Goods
Q	NSN	The NATO Stock number. The NATO supply Classification code (NSC), Nation Code (NC) and Item Identity Number (IIN) that denotes the unique identification of a line item within the inventory system. This 13 character attribute (NSC 4, NC2, IIN 7) is provided in both Barcode 39 and human readable test format.	13	numeric & Barcode 39		Goods
R	IMC/DMC	The Inventory Management Code (IMC) / Domestic management Code (DMC) code given to a range of like or linked items managed by MoD Inventory manager	6	alphanumeric		Goods
S	DofQ	Denomination of Quantity of the items in the package	2	alphanumeric		Goods

Field	Field Name	Field Description	Field Size	Data Type	Format	Mandatory for:
T	Qty in Package	The total quantity of the item contained within the package	7	numeric		Goods
T	Total This Delivery	The total quantity of the item being delivered for a specific order shipment	9	numeric		Goods