

Schedule 7**Pricing and Payment**

Schedule 7 Annex 1 and Annex 2 have been removed from this contract because they contain commercially sensitive information. Information has been removed from Schedule 7 Annex 3 as it contains commercially sensitive information.

Part 1: Calculating the Monthly Payment**1 Calculating the Monthly Payment**

- 1.1 The Monthly Payment ("MP") in respect of each Contract Month ("Contract Month_n") during the Contract Period shall be calculated in accordance with the following formula:

$$MP = \sum TO1P + \sum TO2P + \sum TO3P + \sum TO4P + \sum CICTOP + \sum AHTOP + \sum EC - \sum R - \sum AA + \sum CA$$

where:

- 1.1.1 **MP** is the Monthly Payment for Contract Month_n;
 - 1.1.2 **$\sum TO1P$** is the sum of all the agreed TO1 Milestone Prices payable by the Authority to the System Integrator in Contract Month_n in respect of Task Order 1, calculated in accordance with paragraph 2 (*Approved TO1 Payment*) of Part 1 of this Schedule 7;
 - 1.1.3 **$\sum TO2P$** is the sum of all the agreed TO2 Milestone Prices payable by the Authority to the System Integrator in Contract Month_n in respect of Task Order 2, calculated in accordance with paragraph 3 (*Approved TO2 Payment*) of Part 1 of this Schedule 7;
 - 1.1.4 **$\sum TO3P$** is the sum of all the agreed TO3 Milestone Prices payable by the Authority to the System Integrator in Contract Month_n in respect of Task Order 3, calculated in accordance with paragraph 4 (*Approved TO3 Payment*) of this Schedule 7;
 - 1.1.5 **$\sum TO4P$** is the TO4 Service Fee being the sum of the Core Service Fee, the In-Service Support Fee and the Training Fee, payable by the Authority to the System Integrator in Contract Month_n each as calculated in accordance with paragraph 5 (*TO4 Service Fee*) of Part 1 of this Schedule 7;
 - 1.1.6 **$\sum CICTOP$** is the sum of all the agreed CIC Task Order Prices payable by the Authority to the System Integrator in Contract Month_n in respect of Approved CIC Task Order Payments, calculated in accordance with paragraph 6 (*CIC Task Orders*) of Part 1 of this Schedule 7;
 - 1.1.7 **$\sum AHTOP$** is the sum of all the agreed Ad Hoc Task Milestone Prices payable by the Authority to the System Integrator in Contract Month_n in respect of Approved Ad Hoc Task Order Payments, calculated in accordance with paragraph 7 (*Ad Hoc Tasks*) of Part 1 of this Schedule 7;
 - 1.1.8 **$\sum EC$** is the sum of all agreed payments payable by the Authority to the System Integrator in Contract Month_n in respect of the delivering the Exit Plan in accordance with paragraph 9 (*Exit Costs*) of Part 1 of this Schedule 7;
 - 1.1.9 **$\sum R$** is the sum of the Retentions which the Authority shall be entitled to make in Contract Month_n in accordance with paragraph 10 (*Retentions*) of Part 1 of this Schedule 7 (and subject always to paragraphs 1.3 and 1.4 of Part 1 of this Schedule 7);
 - 1.1.10 **$\sum AA$** is the sum of any other amounts that are agreed or determined to be payable by the System Integrator to the Authority in Contract Month_n in accordance with paragraph 10.3 (*Other Payments Due*) of Part 1 of this Schedule 7; and
 - 1.1.11 **$\sum CA$** is the sum of any other amounts that are agreed or determined to be payable by the Authority to the System Integrator in Contract Month_n in accordance with paragraph 10.4 (*Other Payments Due*) of Part 1 of this Schedule 7.
- 1.2 The Contract Price takes into account the Milestone Payment Plan at Annex 2 and the Statement of Requirements at Annex 3.
- 1.3 The Authority shall be entitled to apply the amount of any Retentions incurred and/or other amounts payable by the System Integrator and/or credited to the Authority in respect of the Monthly Payment, in any Contract Month following agreement or determination of the relevant amount.
- 1.4 Where the product of the calculation carried out pursuant to paragraph 1.2 would reduce the Monthly Payment in any Contract Month to an amount less than zero (0), then the Authority shall be entitled to carry forward and apply the amount to which such Monthly Payment is less than zero (0) (the "**Excess Monthly Payment**") to the next and any subsequent Monthly Payment due in respect of any subsequent Contract Month until the amount of such Excess Monthly Payment has been recovered in full by the Authority.
- 1.5 Subject to any earlier termination of this Contract and/or the relevant Approved Task Order, the obligations for the Authority and/or the System Integrator to make payments in respect of Approved Task Orders shall be continuing obligations notwithstanding the expiry of this Contract.
- 2 Approved TO1 Payment**
- 2.1 The Approved TO1 Payment for a Contract Month shall be the sum of all relevant TO1 Milestone Prices that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.
- 2.2 The System Integrator shall be entitled to make an application for payment of a TO1 Milestone Price where it has satisfied the requirements of paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7.

2.3 Each TO1 Milestone Price shall be a Firm Price and it shall not be adjusted in accordance with the provisions of paragraph 7 (*Variation of Price*) of Part 2 of this Schedule 7.

2.4 The aggregate of each TO1 Milestone Price shall not exceed the Approved TO1 Price.

3 Approved TO2 Payment

3.1 The Approved TO2 Payment for a Contract Month shall be the sum of all relevant TO2 Milestone Prices that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.

3.2 The System Integrator shall be entitled to make an application for payment of a TO2 Milestone Price where it has satisfied the requirements of paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7.

3.3 Each TO2 Milestone Price shall be a Firm Price and it shall not be adjusted in accordance with the provisions of paragraph 7 (*Variation of Price*) of Part 2 of this Schedule 7.

3.4 The aggregate of each TO2 Milestone Price shall not exceed the Approved TO2 Price.

4 Approved TO3 Payment

4.1 The Approved TO3 Payment for a Contract Month shall be the sum of all relevant TO3 Milestone Prices that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.

4.2 The System Integrator shall be entitled to make an application for payment of a TO3 Milestone Price where it has satisfied the requirements of paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7.

4.3 Each TO3 Milestone Price shall be a Firm Price and it shall not be adjusted in accordance with the provisions of paragraph 7 (*Variation of Price*) of Part 2 of this Schedule 7.

4.4 The aggregate of each TO3 Milestone Price shall not exceed the Approved TO3 Price.

5 TO4 Service Fee

5.1 The sum of the pro-rata amounts of:

5.1.1 the Core Service Fee;

5.1.2 the In-Service Support Fee; and

5.1.3 the Training Fee,

due and payable for that Contract Month shall be the "TO4 Service Fee" to the extent that the System Integrator demonstrates to the reasonable satisfaction of the Authority's Representative that the System Integrator has supplied to the Authority the relevant Service and/or System Integrator Deliverable in accordance with the Contract.

5.2 Each TO4 Service Fee shall be a Firm Price until the Switch Date, following which each TO4 Service Fee shall be a Fixed Price and shall be adjusted in accordance with the provisions of paragraph 7 (*Variation of Price*) of Part 2 of this Schedule 7.

5.3 The System Integrator shall be entitled to make an application for payment of the relevant part of the TO4 Service Fee for each Contract Month following the Full Operating Capability Date in accordance with this Schedule 7.

6 CIC Task Orders

6.1 The System Integrator shall be entitled to the Approved CIC Task Order Payment, which shall be the sum of all relevant CIC Task Orders that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.

6.2 The System Integrator shall be entitled to make an application for payment of a CIC Task Order Price in accordance with paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7 or in accordance with any other requirements as may be included in the Approved CIC Task Order.

6.3 Each Approved CIC Task Order shall identify each CIC Task Order Price. Each CIC Task Order Price shall be a Firm Price, unless otherwise Approved by the Authority's Representative.

6.4 The aggregate of each Innovation Milestone Task Price shall not exceed the applicable Approved CIC Task Order Payment for that Approved CIC Task Order.

7 Ad Hoc Task Orders

7.1 The System Integrator shall be entitled to the Approved Ad Hoc Task Order Payment, which shall be the sum of all relevant Ad Hoc Task Milestone Prices that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.

7.2 The System Integrator shall be entitled to make an application for payment of an Ad Hoc Task Milestone Price in accordance with paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7 or in accordance with any other requirements as may be included in the Approved Task Order.

7.3 Each Approved Ad Hoc Task Order shall identify each Ad Hoc Task Milestone Price. Each Ad Hoc Task Milestone Price shall be a Firm Price, unless otherwise Approved by the Authority's Representative.

7.4 The aggregate of each Ad Hoc Task Milestone Price shall not exceed the applicable Approved Ad Hoc Task Price for that Approved Ad Hoc Task Order.

8 Task Order Milestones

- 8.1 Each Approved Task Order shall include a Milestone Payment Plan, unless otherwise Approved by the Authority's Representative.
- 8.2 Each Milestone Payment Plan shall set out each Milestone for that Approved Task Order.
- 8.3 For each Milestone the Milestone Payment Plan shall include:
- 8.3.1 a description of the:
 - (i) Services and the Milestone Deliverables that the System Integrator is required to provide to complete the Milestone; and
 - (ii) the Milestone Acceptance Criteria the System Integrator is required to provide to carry out to demonstrate to the Authority's Representative that the System Integrator has achieved that Milestone;
 - 8.3.2 the Milestone Task Price, which shall be a Firm Price, unless otherwise Approved by the Authority's Representative;
 - 8.3.3 the Milestone Task Target Date; and
 - 8.3.4 any other information reasonably required by the Authority.
- 8.4 An adjustment to a Milestone Payment Plan may be proposed by the Authority or the System Integrator in accordance with Schedule 9 (*Change Procedure*) and the provisions of Schedule 9 (*Change Procedure*) shall apply.

Milestone Task Price

- 8.5 The aggregate of each relevant Milestone Task Price shall not exceed the relevant Approved Task Order Price.

Certification of Milestones

- 8.6 The System Integrator shall give not less than ten (10) Working Days' written notice (the "**Milestone Completion Notice**") to the Authority's Representative of the date when it considers that it has carried out and completed the relevant Milestone Deliverables and that it has achieved the relevant Milestone Acceptance Criteria for a Milestone. The Milestone Completion Notice shall include all relevant documentary evidence to demonstrate that the System Integrator has carried out and completed the relevant Milestone Deliverables.
- 8.7 Within twenty (20) Working Days of receipt of the Milestone Completion Notice and its supporting documentary evidence, or such longer period as may be notified by the Authority (acting reasonably), the Authority's Representative shall review the supporting documentary evidence and shall carry out any inspections and testing necessary to confirm that the System Integrator has completed the relevant Milestone Deliverables and that it has achieved the relevant Milestone Acceptance Criteria for a Milestone. As soon as practicable, and in any event, within ten (10) Working Days of any such review and inspection, the Authority's Representative shall either:
- 8.7.1 certify that the System Integrator has completed the relevant Milestone Deliverables and has achieved the relevant Milestone Acceptance Criteria; or
 - 8.7.2 advise what further:
 - (i) documentary evidence is required;
 - (ii) works need to be carried out; and/or
 - (iii) what further steps need to be taken,

before the Authority's Representative can certify that the System Integrator has completed the relevant Milestone Deliverables and has achieved the relevant Milestone Acceptance Criteria,

in accordance with the Contract, the relevant Approved Task Order and/or the relevant Milestone Payment Plan (as the case may be).

- 8.8 If the Milestone is not certified as completed, the procedure set out in paragraphs 8.6 and 8.7 of this Schedule 7 shall be repeated as often as is necessary (but with the notice period being reduced from ten (10) to five (5) Working Days (or such longer period as the Authority may agree)) until the relevant Milestone is certified as completed. A Milestone shall be deemed to have been completed when it has been certified as completed by the Authority's Representative and the Authority's Representative issues a Milestone Acceptance Certificate.
- 8.9 Unless otherwise Approved by the Authority, no Milestone shall be certified as complete by the Authority's Representative until all preceding Milestones Tasks listed in the Milestone Payment Plan (if any) have been certified as complete and the Authority's Representative has issued a Milestone Acceptance Certificate for such Milestone.

Application for payment

- 8.10 The System Integrator shall be entitled to apply for the relevant Milestone Task Price:
- 8.10.1 subject to paragraph 8.10.2, upon the issue of a Milestone Acceptance Certificate in respect of such Milestone;
 - 8.10.2 where the issue of the relevant Milestone Acceptance Certificate occurs prior to the relevant Milestone Task Target, upon the relevant Milestone Task Target Date or such other earlier date as the Authority may agree (in its sole discretion).
- 8.11 An application relating to a Milestone Task Price shall be supported by:
- 8.11.1 a statement by the System Integrator of the amount considered to be due and the basis upon which it is calculated including:

- (i) a description of the Services and the Milestone Deliverables provided in achieving each Milestone;
- (ii) the dates on which such Services and Milestone Deliverables were provided;
- (iii) the relevant Milestone Task Target Date; and
- (iv) any other information required by the Authority; and

8.11.2 the Milestone Acceptance Certificate in respect of the Milestone.

8.12 The Authority shall, subject to Clause 17 (*Disputed Amounts*), pay the amount set out in its assessment in accordance with Part 4 (*Price/Costs/Payment*) of the Contract.

9 Exit Costs

9.1 When delivering the Exit Plan, the System Integrator shall be entitled to recover its reasonable Exit Costs up to the Exit Price.

9.2 Where the System Integrator has satisfied the Exit Requirements, the System Integrator shall submit an invoice to the Authority. The Authority shall, subject to Clause 17 (*Disputed Amounts*), pay such invoice in accordance with Part 4 (*Price/Costs/Payment*) of the Contract.

9.3 The Parties agree that the System Integrator shall not be entitled to payment of any sums in excess of the Exit Price in relation to the performance of the Exit Requirements.

10 Retentions

10.1 The Authority shall be entitled to make Retentions from the Monthly Payment in any Contract Month following agreement or determination of the relevant amount in accordance with the provisions of Schedule 4 (*System Integrator Performance Mechanism*).

10.2 Without prejudice to paragraph 1.4 of this Schedule 7, the aggregate of any Retentions made from the relevant part of the Monthly Payment in any Contract Month shall not exceed the relevant part of the Monthly Payment that would have been payable to the System Integrator for that Contract Month had no Retentions been applicable in that Contract Month.

Other Payments Due

10.3 The Authority shall be entitled to reduce the Monthly Payment to reflect any other sums that are agreed or determined to be payable by the System Integrator to the Authority in respect of this Contract in the Contract Month immediately following such agreement or determination, provided that the Authority's Representative has notified the System Integrator's Representative at any time prior to making the relevant deduction.

10.4 The Authority shall increase the Monthly Payment to reflect any sums that are agreed or determined to be payable to the System Integrator in respect of this Contract in the Contract Month immediately following such agreement or determination.

10.5 The Parties:

10.5.1 may, during the Contract Period and on written notice to the other, carry out a reconciliation to determine the amount of any payments that are due to the Authority and/or the System Integrator (as the case may be) in accordance with this Contract; and

10.5.2 following the Expiry Date or Termination Date (and subject to Clause 79 (*Financial Consequences of Termination*)), carry out a reconciliation to determine the amount of any payments that are due to the Authority and/or the System Integrator (as the case may be) in accordance with this Contract.

10.6 The reconciliations referred to in paragraph 10.5, shall take place:

10.6.1 where either Party gives written notice to the other of a requirement for a reconciliation at any time during the Contract Period, at a time to be agreed by the Parties or in the absence of agreement within ten (10) Working Days following the date of receipt of the notice issued by the other Party as referred to paragraph 10.5.2; and/or

10.6.2 in the case of early termination or expiry of this Contract, within ten (10) Working Days of the Termination Date or Expiry Date (as the case may be) or such other date as is agreed by the Parties,

and shall be carried out in accordance with a methodology to be agreed by the Parties or as determined in accordance with paragraph 10.6.1.

10.7 In the event that the Parties fail to agree any matter arising from the conduct of or the conclusion of any matter arising from a reconciliation, either Party may refer such matter for resolution to the Dispute Resolution Procedure.

11 Double Counting

11.1 The Parties agree that in the event that the delivery of a Task, Service and/or a System Integrator Deliverable by the System Integrator creates a potential payment under more than one Task Order:

11.1.1 the System Integrator shall only be able to receive payment under a single Task Order for the delivery of that Task, Service and/or System Integrator Deliverable; and

11.1.2 there shall be no double counting in calculating the amounts due for each of the payments set out at paragraphs 1.1.2 to 1.1.11 (inclusive) of Part 1 (*Calculating the Monthly Payment*) of this Schedule 7.

Part 2: The Contract Price

1 Payment of the Monthly Payment

- 1.1 The Authority shall make payment of the Monthly Payment in accordance with the provisions of Part 4 (*Price/Costs/Payment*) of the Contract, provided always that any loading by the Authority of any amount onto CP&F shall not be construed as an acceptance by the Authority that any such sum is due and payable to the System Integrator pursuant to the Contract or otherwise.
- 1.2 The provisions of this Schedule 7 shall apply to determine the Monthly Payment for the relevant Contract Month.

2 Price List

- 2.1 The Pricing Information set out in the Price List is:

- 2.1.1 a Firm Price until the later of:
- (i) the commencement of Contract Year 4; and
 - (ii) the Full Operating Capability Date,
(the "Switch Date"); and

- 2.1.2 a Fixed Price from the Switch Date,
as indicated in the Price List.

3 Calculating Task Order Prices and System Integrator Change Proposals

- 3.1 Subject to paragraph 7 (*Variation of Price*) of this Part 2 of Schedule 7 (*Pricing and Payment*), all Task Order Prices and the financial effect of System Integrator Change Proposals shall be calculated by reference to:

- 3.1.1 the Pricing Information in the Price List (subject always to the provisions of paragraph 4 (*Determining new Pricing Information*) of this Part 2 of Schedule 7, which shall apply in the circumstances described at paragraph 3.2 below); and/or
- 3.1.2 such other rates and prices which the Authority may agree with the System Integrator.

- 3.2 Where in a Task Order Proposal or a System Integrator Change Proposal (as the case may be) the System Integrator has identified that there is no analogous Pricing Information in the Price List for the whole or any part (as the case may be) of the proposed Task, then the Parties shall seek to agree new Pricing Information as follows:

- 3.2.1 the Parties shall, within five (5) Working Days of receipt by the Authority of the relevant proposed Task Order Price or a System Integrator Change Proposal (as the case may be), meet to discuss whether there is any sufficiently detailed cost element within the Price List to derive new Pricing Information for the whole or the relevant part (as the case may be) of the proposed Task;

- 3.2.2 where the Parties:
- (i) agree that there is no sufficiently detailed cost element contained within the Price List to derive new Pricing Information; or
 - (ii) fail to agree new Pricing Information,
- then the provisions of paragraph 4 (*Determining new Pricing Information*) shall apply to determine the applicable price for the whole or the relevant part (as the case may be) of the proposed Task; and

- 3.2.3 any new Pricing Information agreed or determined pursuant to this paragraph 3.2 and/or paragraph 4 (*Determining new Pricing Information*) shall:

- (i) include pricing for all risks associated with the whole or the relevant part (as the case may be) of the proposed Task; and
- (ii) exclude any costs in respect of which the System Integrator is entitled to recover under any other provision of this Contract.

- 3.3 Where any new Pricing Information is agreed or determined pursuant to this paragraph 3.2 and/or paragraph 4 (*Determining new Pricing Information*), such new Pricing Information:

- 3.3.1 shall be incorporated into the Price List; and
- 3.3.2 shall be treated as Pricing Information,

and the Contractor shall Upload a revised Price List to the System Integrator System and/or the Tiquila System and such Price List shall apply to the calculation of the costs for the whole or the relevant part (as the case may be) of all subsequent Task Order Proposals and System Integrator Change Proposals and shall be considered a Change for the purposes of Schedule 9 (*Change Procedure*).

4 Determining new Pricing Information

- 4.1 The Pricing Information is contained in the Price List.
- 4.2 In calculating the cost of the provision of any proposed Tasks, the System Integrator shall:

4.2.1 where there is Pricing Information for any proposed:

- (i) staff grade and/or role to be utilised in the performance of the proposed Task to be spent by each such staff grade and/or role in performing the proposed Task by the relevant hourly, day or such other rate (as the case may be) for such staff grade and/or role as more particularly set out in the Price List;
- (ii) deliverable or analogous deliverable to be utilised in the performance of the proposed Task, multiply the number of tasks anticipated to be required by in performing the proposed Task by the relevant deliverable rate for such deliverable as more particularly set out in the Price List; and
- (iii) spare or equipment or analogous spare or equipment to be utilised in the performance of the proposed Task, multiply the number of spares or items of equipment (as the case may be) anticipated to be required by in performing the proposed Task by the relevant spares or equipment rate for such spare or equipment (as the case may be) as more particularly set out in the Price List; and/or

4.2.2 where there is no Pricing Information for any proposed:

- (i) staff grade and/or role to be utilised in the performance of the proposed Task, propose the following in the relevant Task Order Proposal or System Integrator Change Proposal (as the case may be):
 - (A) the rates for each such proposed staff grade and/or role and the reasons why such rates should apply (including any appropriate comparison with relevant Pricing Information for other staff used on other similar projects for the Authority (subject always to paragraph 4.3.1); and
 - (B) any other supporting information reasonably required by the Authority (including full career details) to demonstrate that the proposed staff are competent to fulfil the roles and responsibilities allocated to the proposed staff as contemplated in the relevant Task Order Proposal or System Integrator Change Proposal (as the case may be);
- (ii) deliverable to be provided in the performance of the proposed Task, propose the following in the relevant Task Order Proposal or System Integrator Change Proposal (as the case may be):
 - (A) the rates for each such deliverable and the reasons why such rates should apply (including any appropriate comparison with deliverables provided on other similar projects for the Authority (subject always to paragraph 4.3.2); and
 - (B) any other supporting information reasonably required by the Authority; and
- (iii) spare or equipment to be utilised in the performance of the proposed additional Task, propose the following in the relevant Task Order Proposal or System Integrator Change Proposal (as the case may be):
 - (A) the rates for each such spare or equipment and the reasons why such rates should apply (including any appropriate comparison with spares or equipment used on other similar projects for the Authority (subject always to paragraph 4.3.3); and
 - (B) any other supporting information reasonably required by the Authority.

4.3 The new Pricing Information of the proposed:

- 4.3.1 staff shall not exceed the average rate for the relevant grade and/or role of the then current Pricing Information for staff;
- 4.3.2 deliverable shall not exceed the average rate for similar deliverables of the then current Pricing Information for similar deliverables; and
- 4.3.3 spare or equipment shall not exceed the average rate for similar spares or equipment of the then current Pricing Information for similar spares or equipment.

4.4 The approval by the Authority of the proposed Pricing Information in the Task Order Proposal or System Integrator Change Proposal (as the case may be) by the Authority will result in the proposed Pricing Information becoming the new Pricing Information.

4.5 The System Integrator acknowledges that each element of the Pricing Information are the maximum rates that the System Integrator may apply and charge in relation to the performance of the relevant element of a Task and that it may from time to time and on each occasion it is preparing a Task Order Proposal or System Integrator Change Proposal (as the case may be) or otherwise offer discounts from the Pricing Information and any such discounts shall be reflected in the Task Order Proposal or System Integrator Change Proposal (as the case may be).

5 Financial Transparency

5.1 The System Integrator agrees that the provisions of this paragraph 5 (*Financial Transparency*) are required to ensure that the System Integrator achieves the following objectives:

5.1.1 for the Authority to be able to understand:

- (i) any payment sought from it by the System Integrator including an analysis of the Pricing Information (including the System Integrator's profit margin), and the time spent by System Integrator in providing the Services and/or System Integrator Deliverables; and
- (ii) the Price List, any proposed new Pricing Information and/or forecast cost and to have confidence that these are based on justifiable numbers and appropriate forecasting techniques; and

- (iii) for both Parties to agree the quantitative impact of any change to this Contract that affect ongoing costs and to identify how these could be mitigated and/or reflected in the Price List;

5.1.2 for both Parties to be able to:

- (i) review, address issues with and re-forecast progress in relation to the provision of the Services and/or System Integrator Deliverables; and
- (ii) to challenge each other with ideas for efficiency and improvements; and

5.1.3 to enable the Authority to demonstrate that it is achieving value for money for the tax payer relative to current market prices, (together the "Financial Transparency Objectives").

5.2 The System Integrator acknowledges the importance to the Authority of the Financial Transparency Objectives and the Authority's need for complete transparency in the way in which any Firm Price, Milestone Price and/or any element of the Pricing Information is calculated.

6 Adjustments to Firm Prices

6.1 Subject to paragraph 7 (*Variation of Price*) of this Part 2 of Schedule 7 (*Pricing and Payment*), the System Integrator agrees that notwithstanding anything to the contrary in this Contract:

6.1.1 the Exit Costs; and/or

6.1.2 the Pricing Information,

shall not be increased during the Contract Period and/or otherwise be subject to adjustment, other than in relation to an approved System Integrator Change Proposal and only where and to the extent that such approved System Integrator Change Proposal (as the case may be) expressly contemplates an increase in the Exit Costs and/or the Pricing Information (as the case may be).

7 Variation of Price

7.1 The Parties agree that until the Switch Date, the:

7.1.1 Exit Costs (provided that such costs are incurred after the Switch Date); and

7.1.2 the Pricing Information,

will be Firm Prices and will not otherwise be subject to adjustment, other than in relation to an approved System Integrator Change Proposal and only where and to the extent that such approved System Integrator Change Proposal (as the case may be) expressly contemplates an increase in the Exit Costs and/or the Pricing Information (as the case may be).

7.2 The Parties agree that from the Switch Date, the:

7.2.1 Exit Costs (provided that such costs are incurred after the Switch Date); and

7.2.2 the Pricing Information,

will be Fixed at Contract Year 1 price levels and shall be varied in accordance with the pricing formula in paragraph 7.4 below.

7.3 For the purposes of:

7.3.1 calculating the Core Service Fee, the In-Service Support Fee and the Training Fee under Task Order 4; and

7.3.2 agreeing Firm Prices for each Ad Hoc Task Order and CIC Task Order,

from the Switch Date to the Expiry Date or the Termination Date (as the case may be), the price formula in paragraph 7.4 below shall apply.

7.4 The pricing formula referred to in paragraphs 7.2 and 7.3 above is as follows:

$$V = P(a+b(OI/OO)) - P$$

where:

7.4.1 V is the variation of each item set out in the Pricing Information;

7.4.2 P is the Contract Year 1 Firm Price for each item set out in the Pricing Information;

7.4.3 OO is the monthly average of D7BT - Consumer Price Index ("Index") for the period of 12 months prior to the Effective Date;

7.4.4 OI is the monthly average of the Index for the period of 12 months prior to the period for which the variation is being added;

7.4.5 a is the non-variable element which shall be 0.1;

7.4.6 b is the variable element which shall be 0.9; and

7.4.7 a+b=1.

- 7.5 The Index referred to in paragraph 7.4.3 shall be taken from the following Tables: OUTPUT Price Index ONS publication MM23: Dataset; Consumer Price inflation time series.
- 7.6 Indices published with a 'B' or 'F' marker, or a suppressed value, in the last 3 years are not valid for the purpose of this paragraph 7 (*Variation of Price*) and shall not be used. Where the price index has an 'F' marker or suppression applied to it during the term of the Contract, the Authority and the System Integrator shall agree an appropriate replacement index or indices. The replacement index or indices shall cover, to the maximum extent possible, the same economic activities as the original index or indices.
- 7.7 In the event that any material changes are made to the indices (e.g. a revised statistical base date) during the Contract Period and before final adjustment of the final Contract Price, then the re-basing methodology outlined by the Office for National Statistics (ONS, the series providers) to match the original index to the new series shall be applied.
- 7.8 In the event the agreed index or indices cease to be published (e.g. because of a change in the Standard Industrial Classification) the Authority and the System Integrator shall agree an appropriate replacement index or indices, which shall cover to the maximum extent possible the same economic activities as the original index or indices. The methodology outlined by the Office for National Statistics used for rebasing indices (as in paragraph 7.7 above) shall then be applied.
- 7.9 Notwithstanding the above, any extant index / indices agreed in the Contract shall continue to be used as long as it is / they are available and subject to ONS revisions policy. Payments calculated using the extant index / indices during its / their currency shall not be amended retrospectively as a result of any change to the index or indices.
- 7.10 The System Integrator shall notify the Authority of any significant changes in the purchasing/manufacturing plan on the basis of which these provisions were drawn up and agreed, or of any other factor having a material bearing on the operation of these provisions such as to cause a significant divergence from their intended purpose, in order that both Parties may consider whether any change in this provision would be appropriate.
- 7.11 Prices shall be adjusted taking into account the effect of the above formula as soon as possible after the start of the Contract Year. Where an index value is subsequently amended, the Authority and the System Integrator shall agree a fair and reasonable adjustment to the price, as necessary.

Part 3: Payment

1 Payment

- 1.1 In each Contract Month the System Integrator shall submit an invoice in accordance with Clause 15 (*Payment under CP&F*) for the relevant Monthly Payment.
- 1.2 The invoice referred to in paragraph 1.1 shall be prepared by the System Integrator following the Monthly Performance Review Meeting during which the Authority and the System Integrator have discussed the Monthly Performance Report including the System Integrator Deliverables and Milestones (if any) which are the subject of the relevant invoice and the proposed Monthly Payment for the relevant Contract Month and such invoice shall be based on the agreed payment due in respect of the relevant Contract Month, or where the Monthly Performance Report is not agreed and in so far as such disagreement refers to the amount to be paid by the Authority to the System Integrator in respect of the relevant Contract Month, the System Integrator shall submit such invoice as it considers is due and payable and if the Authority disputes such invoice the Authority shall only pay the Authority approved costs and the provisions of Clause 17 (*Disputed Amounts*) shall apply.
- 1.3 Following the resolution of any dispute:
 - 1.3.1 any sums paid by the Authority and which are later agreed or determined to be due to the Authority shall be deducted from the Monthly Payment in the Contract Month immediately following such agreement or determination (as the case may be) in accordance with paragraph 10.3 (*Other Payments Due*) of Part 1 of this Schedule 7; or
 - 1.3.2 any sums withheld by the Authority and which are later agreed or determined to be payable to the System Integrator shall be added to the Monthly Payment in the Contract Month immediately following such agreement or determination (as the case may be) in accordance with paragraph of 10.4 (*Other Payments Due*) of Part 1 of this Schedule 7.
- 1.4 Any payment made by the Authority shall not be construed as acceptance by the Authority of the performance by the System Integrator of the System Integrator Deliverables nor as a waiver of any of the Authority's rights and remedies either under this Contract or otherwise.

Part 4: Financial Management Information

- 1 For the purposes of this Part 4 (*Financial Management Information*) of Schedule 7, “**Financial Management Information**” shall mean the value of work completed at a given point in time.
- 2 As a minimum the System Integrator shall report the Financial Management Information to the Authority as detailed in Annex 4 (*Minimum Requirement – Financial Management Reports to be Provided by Suppliers*) to this Part 4 (*Financial Management Information*) of Schedule 7. The System Integrator shall provide Financial Management Information in the format at Annex 5 (*Example Submission*) to this Part 4 (*Financial Management Information*) of Schedule 7 to the addresses specified in this Contract:
 - 2.1 within twenty (20) Working Days of the start of the Contract;
 - 2.2 where applicable, within ten (10) Working Days of the end of a Contract Month in which there has been a change that exceeds either 5% of the Contract Price or £250,000.00 (two hundred and fifty thousand pounds) (whichever is the lower) against a contract line item; and
 - 2.3 at a frequency specified in the Contract and, if unspecified, for contracts with a value of:
 - 2.3.1 £5,000,000.00 (five million pounds) up to under £10,000,000.00 (ten million pounds) = annual reports only;
 - 2.3.2 £10,000,000.00 (ten million pounds) up to under £20,000,000.00 (twenty million pounds) = quarterly reports only; and
 - 2.3.3 £20,000,000.00 (twenty million pounds) and over = monthly reports only.
- 3 The System Integrator shall retain the Financial Management Information and evidence on activity completed to support the Financial Management Information in accordance with Clause 32 (*The System Integrator’s Records*). This evidence must be released to the Authority if requested, within ten (10) Working Days.

Annex 3: Statement of Requirements

Schedule of Requirements																						
Items			ISF	IOC	FOC	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10										
1	Task Order 1 iaw Schedule 2 (Obligations of the System Integrator)	Deliverables iaw Milestone Payment Plan																				
2	Task Order 2 iaw Schedule 2 (Obligations of the System Integrator)	Deliverables iaw Milestone Payment Plan																				
3	Task Order 3 iaw Schedule 2 (Obligations of the System Integrator)	Deliverables iaw Milestone Payment Plan																				
4	Task Order 4 iaw Schedule 2 (Obligations of the System Integrator):																					
	4.1 System Integrator Core Service																					
	4.2 System Integrator In-Service Support Management																					
	4.3 Training (Train the Trainer and Trainer the Maintainer Courses)																					
5	Capability Integration Cycle Deliverables (CIC Task Orders)																					
6	Ad-Hoc Task Orders iaw Schedule 8 (Ad-hoc Task Order Approval Process)	Deliverables are on an ad-hoc basis																				
7	Social Value Deliverables	Deliverables are iaw Schedule 18 (Social Value Plans) - such Deliverables will form part of Task Orders 1 to 4 (inclusive)																				
8	Exit Activities	Deliverables are iaw Schedule 15 (Exit Plan) - such Deliverables will form part of Task Orders 1 to 4 (inclusive)																				
			Quantities																			
Item	Deliverables	ISF	IOC	FOC	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10											
Fixed Items																						
9	Air Platforms - Portable MUAS (iaw Schedule 2 (Obligations of the System Integrator)) including initial spares provisioning and all documentation	■	■	■	Options to procure more at the discretion of the Authority																	
10	EO/IR Payload Set - Portable MUAS (iaw Schedule 2(Obligations of the System Integrator))	■	■	■	Options to procure more at the discretion of the Authority																	
11	Additional Spares to be demanded by the Authority on an Ad Hoc basis (iaw Schedule 8 (Ad-hoc Task Order Approval Process))	Options to procure more at the discretion of the Authority																				
12	Delivery of In-Service Support to support Items 9 and 10 above (iaw Schedule 2 (Obligations of the System Integrator))	■	■	■	■	■	■	■	■	■	■											
13	Air Platforms - Packable MUAS (iaw Schedule 2 (Obligations of the System Integrator)) including initial spares provisioning and all documentation	■	■	■	Options to procure more at the discretion of the Authority																	

14	EO/IR Payload Set - Packable MUAS (iaw Schedule 2 (Obligations of the System Integrator))	<div></div>	<div></div>	<div></div>	Options to procure more at the discretion of the Authority						
15	Additional Spares to be demanded by the Authority on an Ad Hoc basis (iaw Schedule 8 (Ad-hoc Task Order Approval Process))	Options to procure more at the discretion of the Authority									
16	Delivery of In-Service Support to support Items 13 and 14 above (iaw Schedule 2 (Obligations of the System Integrator))	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
17	Training the Trainer personnel (iaw Schedule 2 (Obligations of the System Integrator))	<div></div>	<div></div>	<div></div>							
18	Training the Maintainer personnel (iaw Schedule 2 (Obligations of the System Integrator))	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
19	Ground Control Stations (Common Port'/Pack' Solution) (iaw Schedule 2 (Obligations of the System Integrator))	<div></div>	<div></div>	<div></div>							
Options to buy Additional Items											
20	Air Platforms - Portable MUAS (iaw Schedule 2 (Obligations of the System Integrator)) including any spares provisioning and all documentation	At the Authority's Discretion									
21	EO/IR Payload Set - Portable MUAS (iaw Schedule 2 (Obligations of the System Integrator))	At the Authority's Discretion									
22	Additional Spares to be demanded by the Authority on an Ad Hoc basis (iaw Schedule 8 (Ad-hoc Task Order Approval Process))	At the Authority's Discretion									
23	Delivery of In-service Support to support Items 16 and 17 above (iaw Schedule 2 (Obligations of the System Integrator))	At the Authority's Discretion									
24	Air Platforms - Packable MUAS (iaw Schedule 2 (Obligations of the System Integrator)) including initial spares provisioning and all documentation	At the Authority's Discretion									
25	EO/IR Payload Set - Packable MUAS (iaw Schedule 2 (Obligations of the System Integrator))	At the Authority's Discretion									
26	Additional Spares to be demanded by the Authority on an Ad Hoc basis (iaw Schedule 8 (Ad-hoc Task Order Approval Process))	At the Authority's Discretion									
27	Delivery of In-service Support to support Items 20 and 21 above (iaw Schedule 2 (Obligations of the System Integrator))	At the Authority's Discretion									
28	Training the Trainer personnel (iaw Schedule 2 (Obligations of the System Integrator))	At the Authority's Discretion									
29	Training the Maintainer personnel (iaw Schedule 2 (Obligations of the System Integrator))	At the Authority's Discretion									
30	Ground Control Stations (Common Port'/Pack' Solution) (iaw Schedule 2 (Obligations of the System Integrator))	At the Authority's Discretion									

Annex 4: Annex A

Minimum Requirement - Financial Management Reports to be Provided by Suppliers

1		Provision of Information
	a	1st Report to be provided within 20 working days of the Effective Date of the contract.
	b	Report to be provided as stated in the contract on UK MOD working day 3 or by exception thereafter.
	c	Requirement does not substitute or replace any requirements under EVM, DEFCON 694 (GFA) or any other DEFCON, providing that delivery of that information is linked to key performance indicators and cash payments to the supplier.
	d	Financial Information to be provided VAT Exclusive.
	e	All reports to be endorsed by the contractor representative, recognising that accruals are estimates, but confirming that the report reflects their judgement of the activity on the contract
2		Contract Summary Information
	a	Contract Number.
	b	Contract Title.
	c	Supplier Name.
	e	Original Contract Price Excluding VAT (at contract start date).
	f	Revised Contract Price (to reflect any agreed contract amendments) Excluding VAT.
	g	Nature of Pricing - e.g. firm, fixed, target cost incentive fee.
	h	Currency.
	i	Report Date.
3		Information to be Provided
	a	Minimum granularity is contract schedule lines. [May be extended to reflect, for example, KPI, Milestones, Activities, Items, NSNs.] It is noted that in some circumstances contract schedule lines may not be appropriate (e.g. commodity items) and may need to be grouped.
	b	Inventory information (if applicable) to separately identify service charge and purchases of inventory [required for all on-Statement of Financial Position, Off System Inventory CLS arrangements].
	c	Description.
	d	Value (Ex VAT) - contractual value of the activity.
	e	Progress % work completed on the activity as at report date.
4		Financial Profile - The report is to collect information on actual and planned accruals: that is the contractual value of work undertaken (earned value of work) within a period, for which the MOD will be [was] liable to pay. It includes work undertaken by sub-contractors. It includes work completed and invoiced. The total value of work [to be] completed is expected to be comparable to the contract price. If a fixed or firm price has been agreed for the contract then the value of work should be assessed on this basis.
	a	Prior Years: Work completed (value to sales) in previous financial years.
	b	Earned Value: Work completed (value to sales) in month - this is the value of work done (accrued/earned value) during that calendar month.
	c	Earned Value: Cumulative Work Completed (value to sales) - this is the value of work done (accrued/earned value) on the activity to date.
	d	MOD Current Financial Year monthly - this will be a mix of actual completed to the end of the current period and forecast beyond that date.
	e	After the Current Financial Year an annual estimate by MOD Financial Year (Apr XX to Mar XY) until contract end date - Forecast periods show the expected work to be undertaken during each period on the activities in the contract. Insert additional years as required.

Note: Accruals represent the earned value or work the contractor has completed to date.

Schedule 8**Ad Hoc Task Order Approval Process**

- 1.1 In accordance with Clause 4.3 (*Ad Hoc Task Order Approval Process*), the Authority may require the System Integrator to provide Ad Hoc Task Orders using the process detailed in this Schedule 8.
- 1.2 The System Integrator shall not commence any Ad Hoc Task Order prior to the receipt of formal, written authorisation of the Ad Hoc Task Order evidenced by the signature and dating of Part C of the Ad Hoc Tasking Form by the Authority's Project Officer and Commercial Officer and the provision of a unique reference number for the Ad Hoc Task Order.
- 1.3 Unless specifically authorised in writing in advance by the Authority's Commercial Officer:
- 1.3.1 any work and/or services undertaken prior to the receipt of formal authorisation of an Ad Hoc Task Order shall be at the System Integrator's own risk; and
- 1.3.2 the Authority will not pay the System Integrator for any work and/or services completed in advance of an authorised Ad Hoc Task Order.
- 1.4 The requirement for any Ad Hoc Task Order shall be defined by the Authority's Project Officer by completing Part A of the Ad Hoc Tasking Form. If required by the Authority, the System Integrator shall work with the Authority's Project Officer to assist with the development of Part A of the Ad Hoc Tasking Form. The Authority's Commercial Officer shall authorise Part A of the Ad Hoc Tasking Form and forward the Ad Hoc Tasking Form to the System Integrator for completion by the System Integrator.
- 1.5 For the purposes of identifying individual Ad Hoc Task Orders, the Authority will allocate a discrete sequential reference number to each Ad Hoc Task Order, which the System Integrator shall use.
- 1.6 Within twenty (20) Working Days of receipt of the Ad Hoc Tasking Form, or such other period otherwise agreed by both Parties, the Parties shall agree a firm date for the return of Part B of the Ad Hoc Tasking Form. The System Integrator shall return Part B of the Ad Hoc Tasking Form and any supporting documents by such firm date or such other date as agreed by the Parties. Such Part B and supporting documents shall constitute the System Integrator's proposal (an "**Ad Hoc Task Order Proposal**").
- 1.7 The System Integrator shall:
- 1.7.1 price all Ad Hoc Task Order Proposals in accordance with Schedule 7 (*Pricing and Payment*); and

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- 1.7.2 provide details of whole life costs for Articles and ongoing costs required by any change to the Services, provided that such costs shall be based on the hourly rates and pre-agreed prices set out in Schedule 7 (*Pricing and Payment*);
- 1.7.3 The System Integrator acknowledges and accepts that if, at any time prior to the Authority approving an Ad Hoc Task Order pursuant to paragraph 1.9, the Authority concludes that the Ad Hoc Task Order Proposal does not sufficiently satisfy the Authority's requirements in relation to the engagement of SMEs, the Authority shall not be obliged to proceed any further in respect of such Ad Hoc Task Order Proposal.
- 1.8 Disagreements relating to an Ad Hoc Task Order Proposal shall be dealt with in accordance with Clause 95 (*Dispute Resolution*).
- 1.9 If the Authority agrees with an Ad Hoc Task Order Proposal, the Authority's Project Officer and Commercial Officer shall complete Part C of the Ad Hoc Tasking Form and the Authority's Commercial Officer shall forward the Ad Hoc Tasking Form to the System Integrator.
- 1.10 The System Integrator shall complete the Ad Hoc Task Order. On completion of the Ad Hoc Task Order, the System Integrator's Commercial Officer shall submit Part D of the Ad Hoc Tasking Form to the Authority's Project Officer together with such evidence of completion of the Ad Hoc Task Order as the Authority shall reasonably request.
- 1.11 The System Integrator shall give not less than twenty (20) Working Days' notice to the Authority's Representative of the date when it considers an Ad Hoc Task Order will be completed and the Authority's Representative shall, within such twenty (20) Working Days or longer notice period carry out any inspections and testing necessary to confirm that the relevant Ad Hoc Task Order has been achieved. As soon as practicable, and in any event, within ten (10) Working Days of any such inspection, the Authority's Project Officer and Commercial Officer shall either:
- 1.11.1 certify that the relevant Ad Hoc Task Order has been completed; or
- 1.11.2 advise the System Integrator what further works need to be carried out or what further steps need to be taken before the relevant Ad Hoc Task Order can be certified as being complete.
- 1.12 If the Ad Hoc Task Order is not certified as completed, the procedure set out in paragraph 1.11 of this Schedule 8 shall be repeated as often as is necessary (but with the notice period being reduced from twenty (20) to five (5) Working Days) until the relevant Ad Hoc Task Order is certified as completed. An Ad Hoc Task Order shall be deemed to have been completed when it has been certified as completed by the Authority's Project Officer and Commercial Officer and the Authority's Project Officer and Commercial Officer issues Part E of the Ad Hoc Tasking Order Form.

- 1.13 Provided that the Authority's Project Officer has provided acknowledgement of completion to the System Integrator and the Authority's Commercial Officer has given the System Integrator authorisation (or provided that the System Integrator has completed a milestone where the Ad Hoc Tasking Form includes milestone payments), the System Integrator may submit a claim for payment in accordance with Clause 15 (*Payment under CP&F*) and paragraph 7 of Part 1 of Schedule 7 (*Pricing and Payment*) and the Authority shall pay such claim. Notwithstanding the acknowledgement of completion by the Authority's Commercial Officer, the Authority reserves its rights and remedies under this Contract including Clause 7 (*System Integrator's Warranties and Obligations*).
- 1.14 Task Orders which have been authorised by completion of Part C of the Ad Hoc Tasking Form will be formally added to Annex 1 (*Approved Ad Hoc Task Orders*) of this Schedule 8 when the next amendment to this Contract is raised or on a 6-monthly basis, whichever occurs first.
- 1.15 In addition to the Authority's rights of termination under this Contract, the Authority may terminate any Task Order in accordance with clause 78 (*Termination for Convenience*) and the Authority may require the System Integrator to furnish a report setting out the work done to the date of termination and the work outstanding under the Task Order.

Annex 1: Approved Ad Hoc Task Orders

Task Order Reference Number	Task Order Name	Status	Start Date	End Date	Firm Price
				TOTAL	

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Annex 2: Ad Hoc Task Order Template³

Part A. Tasking Form			
Contract Number:			
Task Order Reference Number:		Request Date:	
Task Order Title:			
Task Order Proposal due date:			
Project Start:		Project Finish:	
Milestones:			
Milestone Payments:			
Statement of Requirement			
<p><i>The Authority shall submit the Part A with an accompanying Authority Statement of Requirement in the template agreed between the Parties at the latest version.</i></p> <p>Minimum SOR Requirements:</p> <ul style="list-style-type: none"> a) Task number and name b) A/C applicability c) Priority d) Summary of requirement e) GFX f) Task Categorisation 			

³ The wording in square brackets in this Ad Hoc Task Order Template is provided for guidance and should be deleted prior to issue to the Authority

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- g) Key programme desired dates
- h) Deliverables

Part A. Authorisation of Task Order

<u>Authority's</u> <u>Project</u> <u>Officer</u> Task Order Requirement issued by the Authority	Signed:	
	Dated:	
<u>Authority's</u> <u>Commercial</u> <u>Officer</u> Task Order Requirement issued by the Authority	Signed:	
	Dated:	

Part B. System Integrator's Proposal

The work as described in Part A is submitted for Authority authorisation against the following criteria:

Schedule 1

- a. Hours/ Days to complete requirement
- b. Hours/ Day Rates

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- c. Materials at Cost used (provide NSN if applicable)
- d. Enabling Contractor Costs
- e. T&S
- f. Freight Costs
- g. Spares Costs
- h. Other Costs *(used to recover overhead costs not otherwise recovered through the activity-based hourly and daily rates)*
- i. Additional Profit charge and rate for the Task Order *(identified by the System Integrator as not otherwise charged under the Contract and demonstrated as being attributable, appropriate and reasonable, and accepted by the Authority)*
- j. Risk *(providing evidence/risk register)*
- k. SG&A *(providing evidence of SG&A breakdown)*
- l. Acceptance criteria for the Task Order
- m. Details of the Pricing Breakdown

Schedule 2

Total Price:	
Proposal Validity Date:	<i>[Must be valid for a minimum of 3 months]</i>
Estimated Start Date:	
Estimated Completion Date:	
Milestones:	
Milestone Payments:	
Comments/Assumptions:	

Part B. System Integrator Authorisation

<u>System Integrator Authorisation</u> Authorised on behalf of the System Integrator	Signed:	
	Dated:	

Part C. Authority Authorisation

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<u>Authority's Project Officer</u> Task Order authorised on behalf of the Authority	Signed:	
	Dated:	
<u>Authority's Commercial Officer</u> Task Order authorised on behalf of the Authority	Signed:	
	Dated:	
Part D. Completion of Task Order		
<u>System Integrator Authorisation</u> Authorised by the System Integrator to confirm Task Order has been completed	Signed:	
	Dated:	
Part E. Task Achievement Certificate		
<u>Authority's Project Officer</u> Authorised to confirm the Task Order has been completed	Signed:	
	Dated:	
<u>Authority's Commercial Officer</u>	Signed:	

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Authorised to confirm that the System Integrator may submit a claim for payment		
	Dated:	
Purchase Order: (GBP)	[PO Number]	
Purchase Order: (USD)	[PO Number]	

Schedule 9**Change Procedure****Part 1: Change Procedure****1 Change Procedure**

- 1.1 Subject to paragraph 1 of Part 2 (*Agile Trading Change*) of this Schedule, changes to this Contract shall be the subject of an amendment to this Contract issued and accepted in accordance with paragraph 2 of Part 1 (*Change Procedure*) of this Schedule.
- 1.2 The System Integrator shall use a configuration control system to control changes to the Specification, as defined in paragraph 2.3.1 of Part 1 (*Change Procedure*) of this Schedule. The configuration control system shall be compatible with ISO 9001 (latest published version) or as specified in this Contract.
- 1.3 For the avoidance of doubt, any changes to the Specification under the provisions of paragraph 2.3.1 of Part 1 (*Change Procedure*) of this Schedule will be classed as a minor change and all other changes under paragraph 2 of Part 1 (*Change Procedure*) of this Schedule shall be classed as a formal change.

2 Formal Amendments to this Contract

- 2.1 This Contract may only be amended by the written agreement of the Parties (or their duly authorised representatives acting on their behalf). Such written agreement shall consist of:
 - 2.1.1 Authority Notice of Change under paragraph 4 of Part 1 (*Change Procedure*) of this Schedule (where used);
 - 2.1.2 the Authority's offer set out in a serially numbered amendment letter issued by the Authority to the System Integrator; and
 - 2.1.3 the System Integrator's unqualified acceptance of such offer as evidenced by the System Integrator's duly signed DEFFORM 10B.
- 2.2 Where the Authority wishes to amend this Contract to incorporate any work that is unpriced at the time of the amendment, the Authority shall have the right to settle with the System Integrator a price for such work under the terms of DEFCON 643 (*Price Fixing (Non-qualifying Contracts)*). Where DEFCON 643 is used, the System Integrator shall make all appropriate arrangements with all of its Sub-Contractors affected by the Change or Changes in accordance with clause 5 of DEFCON 643.
- 2.3 Changes to the Specification
 - 2.3.1 For the purposes of this Contract "the Specification" shall include any document or item which, individually or collectively, is referenced in Schedule 2 (*Obligations of the System Integrator*). The Specification forms part of this Contract and all System Integrator Deliverables to be supplied by the System

Integrator under this Contract shall conform in all respects with the Specification.

3 **Authority Changes**

- 3.1 The Authority shall be entitled to propose any change to this Contract (a "Change") or (subject to paragraph 3.2 of Part 1 (*Change Procedure*) of this Schedule) Changes in accordance with paragraph 4 (*Notice of Change*) of Part 1 (*Change Procedure*) of this Schedule.
- 3.2 Nothing in this Part 1 (*Change Procedure*) of this Schedule shall operate to prevent the Authority from specifying more than one (1) Change in any single proposal, provided that such changes are related to the same or similar matter or matters.

4 **Notice of Change**

- 4.1 If the Authority wishes to propose a Change or Changes, it shall serve a written notice (an "Authority Notice of Change") on the System Integrator.
- 4.2 The Authority Notice of Change shall set out the Change(s) proposed by the Authority in sufficient detail to enable the System Integrator to provide a written proposal (a "**System Integrator Change Proposal**") in accordance with paragraph 5 of Part 1 (*Change Procedure*) of this Schedule.
- 4.3 The System Integrator may only refuse to implement a Change or Changes proposed by the Authority, if such change(s):
- 4.3.1 would, if implemented, require the System Integrator to deliver any System Integrator Deliverables under this Contract in a manner that infringes any applicable law relevant to such delivery; and/or
 - 4.3.2 would, if implemented, cause any existing consent obtained by or on behalf of the System Integrator in connection with their obligations under this Contract to be revoked (or would require a new necessary consent to be obtained to implement the Change(s) which, after using reasonable efforts, the System Integrator has been unable to obtain or procure and reasonably believes it will be unable to obtain or procure using reasonable efforts); and/or
 - 4.3.3 would, if implemented, materially change the nature and scope of the requirement (including its risk profile) under this Contract; and
 - 4.3.4 the System Integrator notifies the Authority within 10 (ten) Working Days (or such longer period as shall have been agreed in writing by the Parties) after the date of the Authority Notice of Change that the relevant proposed Change or Changes is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule, providing written evidence for the System Integrator's reasoning on the matter; and
 - 4.3.5 further to such notification:
 - (i) either the Authority notifies the System Integrator in writing that the Authority agrees, or (where the Authority (acting reasonably) notifies

the System Integrator that the Authority disputes the System Integrator's notice under paragraph 4.3.4 of Part 1 (*Change Procedure*) of this Schedule) it is determined in accordance with Clause 95 (*Dispute Resolution*), that the relevant Change(s) is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule; and

- (ii) (where the Authority either agrees or it is so determined that the relevant Change(s) is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule) the Authority fails to make sufficient adjustments to the relevant Authority Notice of Change (and issue a revised Authority Notice of Change) to remove the System Integrator's grounds for refusing to implement the relevant Change under paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule within 10 (ten) Working Days (or such longer period as shall have been agreed in writing by the Parties) after:
 - (A) the date on which the Authority notifies in writing the System Integrator that the Authority agrees that the relevant Change(s) is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule); or
 - (B) the date of such determination.

4.4 The System Integrator shall at all times act reasonably, and shall not seek to raise unreasonable objections, in respect of any such adjustment.

5 System Integrator Change Proposal

5.1 As soon as practicable, and in any event within:

- 5.1.1 (where the System Integrator has not notified the Authority that the relevant Change or Changes is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule in accordance with paragraph 4.3 of Part 1 (*Change Procedure*) of this Schedule) fifteen (15) Working Days (or such other period as the Parties agree (acting reasonably) having regard to the nature of the Change(s)) after the date on which the System Integrator shall have received the Authority Notice of Change; or
- 5.1.2 (where the System Integrator has notified the Authority that the relevant Change or Changes is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule in accordance with paragraph 4.3 of Part 1 (*Change Procedure*) of this Schedule and:
 - (i) the Authority has agreed with the System Integrator's conclusion so notified or it is determined under Clause 95 (*Dispute Resolution*) that the relevant Change(s) is/are a Change(s) falling within the scope of

paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule and the Authority has made sufficient adjustments to the relevant Authority Notice of Change (and issued a revised Authority Notice of Change(s)) to remove the System Integrator's grounds for refusing to implement the relevant Change(s) under paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule) fifteen (15) Working Days (or such other period as the Parties shall have agreed (both Parties acting reasonably) having regard to the nature of the Change(s)) after the date on which the System Integrator shall have received such revised Authority Notice of Change; or

- (ii) the Authority has disputed such conclusion and it has been determined in accordance with Clause 95 (*Dispute Resolution*) that the relevant Change(s) is/are not a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule) fifteen (15) Working Days (or such other period as the Parties shall have agreed (both Parties acting reasonably) having regard to the nature of the Change(s)) after the date of such determination,

the System Integrator shall deliver to the Authority a System Integrator Change Proposal. For the avoidance of doubt, the System Integrator shall not be obliged to deliver to the Authority a System Integrator Change Proposal where the System Integrator notifies the Authority, and the Authority agrees or it is determined further to such notification in accordance with paragraph 4.3 of Part 1 (*Change Procedure*) of this Schedule, that the relevant Change or Changes is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule.

5.2 The System Integrator Change Proposal shall comprise in respect of each and all Change(s) proposed:

- 5.2.1 the effect of the Change(s) on the System Integrator's obligations under this Contract;
- 5.2.2 a detailed breakdown of any costs which result from the Change(s);
- 5.2.3 the programme for implementing the Change(s);
- 5.2.4 any amendment required to this Contract as a result of the Change(s); and
- 5.2.5 such other information as the Authority may reasonably require.

5.3 The price for any Change(s) shall be based on the prices (including rates) already agreed for this Contract and shall include, without double recovery, only such charges that are fairly and properly attributable to the Change(s).

6 System Integrator Change Proposal – Process and Implementation

6.1 As soon as practicable after the Authority receives a System Integrator Change Proposal, the Authority shall:

- 6.1.1 evaluate the System Integrator Change Proposal; and
 - 6.1.2 where necessary, discuss with the System Integrator any issues arising (and (in relation to a Change(s) proposed by the Authority) following such discussions the Authority may modify the Authority Notice of Change) and the System Integrator shall as soon as practicable, and in any event not more than ten (10) Working Days (or such other period as the Parties shall have agreed in writing) after receipt of such modification, submit an amended System Integrator Change Proposal.
- 6.2 As soon as practicable after the Authority has evaluated the System Integrator Change Proposal (amended as necessary) the Authority shall:
- 6.2.1 either indicate its acceptance of the System Integrator Change Proposal by issuing a serially numbered amendment letter in accordance with paragraph 2 (*Formal Amendments to this Contract*) of Part 1 (*Change Procedure*) of this Schedule, whereupon the System Integrator shall promptly issue to the Authority the System Integrator's DEFFORM 10B indicating their unqualified acceptance of such amendment in accordance with, and otherwise discharge their obligations under, paragraph 2 (*Formal Amendments to this Contract*) of Part 1 (*Change Procedure*) of this Schedule and implement the relevant Change(s) in accordance with such proposal; or
 - 6.2.2 serve a notice on the System Integrator rejecting the System Integrator Change Proposal and withdrawing (where issued in relation to a Change or Changes proposed by the Authority) the Authority Notice of Change (in which case such notice of change shall have no further effect).
- 6.3 If the Authority rejects the System Integrator Change Proposal, it shall not be obliged to give its reasons for such rejection.
- 6.4 The Authority shall not be liable to the System Integrator for any additional work undertaken or expense incurred in connection with the implementation of any Change(s), unless a System Integrator Change Proposal has been accepted by the Authority in accordance with paragraph 6.2.1 of Part 1 (*Change Procedure*) of this Schedule and then subject only to the terms of the System Integrator Change Proposal so accepted.
- 6.5 The financial effect of a System Integrator Change Proposal shall be calculated in accordance with Part 2 of Schedule 7 (*Pricing & Payment*).

7 System Integrator Changes

- 7.1 If the System Integrator wishes to propose a Change or Changes, they shall serve a System Integrator Change Proposal on the Authority. Such proposal shall be prepared and reviewed in accordance with and otherwise be subject to the provisions of paragraphs 5.2 to 6.4 of Part 1 (*Change Procedure*) of this Schedule (inclusive).

Part 2: Agile Trading Change**1 Agile Trading Change**

- 1.1 The Parties may, from time to time, agree (both acting reasonably) that any:
- 1.1.1 Priority 1 SR;
 - 1.1.2 Priority 2 SR; and/or
 - 1.1.3 Priority 3 SR,
- (together the “**Agile Trading Requirements**”) may be reconfigured to add, remove or otherwise change any Agile Trade Requirement (“**Agile Trading Change**”).
- 1.2 The Parties agree that no Mandatory SR and/or Key SR shall be subject to an Agile Trading Change and any change to a Mandatory SR and/or a Key Requirement shall be carried out pursuant to Part 1 (*Change Procedure*) of this Schedule 9 in order for such change to be effective for the purposes of this Contract.
- 1.3 If a Mandatory SR and/or a Key SR is reconfigured or changed pursuant to an Agile Trading Change:
- 1.3.1 the System Integrator carries out such reconfiguration and/or change at its own risk;
 - 1.3.2 this shall not amount to a waiver of any right or remedy of the Authority under this Contract; and
 - 1.3.3 the System Integrator shall not be entitled to rely on any approval or consent issued by or on behalf of the Authority’s Representative for such Agile Trading Change.
- 1.4 The System Integrator may provide the Authority’s Representative with one or more proposed solutions for any part of the Agile Trading Requirements (“**Proposed Agile Trading Change**”). The Authority’s Representative may also propose solutions for any part of the Agile Trading Requirements. The System Integrator shall incorporate the Authority’s Representative’s proposed solutions in a Proposed Agile Trading Change together with any other information the Parties consider is necessary to enable the Authority’s Representative to decide whether to elect any part of the Proposed Agile Trading Change.
- 1.5 The System Integrator shall ensure that each Proposed Agile Trading Change shall address each of the Authority’s requirements set out or referred to in the SRD (or otherwise contained in Schedule 2 (*Obligations of the System Integrator*)).
- 1.6 Upon receipt of a Proposed Agile Trading Change, the Authority may, at its sole discretion, elect which part of the Proposed Agile Trading Change it wishes to pursue (if any), which it is acknowledged, may result in the Authority trading one or more of the

Agile Trading Requirements set out or referred to in the SRD (or otherwise contained in Schedule 2 (*Obligations of the System Integrator*)).

1.7 The Parties agree that each Agile Trading Change and each Proposed Agile Trading Change shall be limited to the Agile Trading Requirements and shall not include a Mandatory SR and/or a Key SR.

1.8 The System Integrator confirms to the Authority:

1.8.1 any election made by or on behalf of the Authority referred to in paragraph 1.6 of Part 2 (*Agile Trading Change*) of this Schedule 9 shall not:

- (i) result in a reconfiguration and/or change to any Mandatory SR and/or Key SR;
- (ii) qualify and/or amend the SRD (or otherwise contained in Schedule 2 (*Obligations of the System Integrator*));
- (iii) give rise to a Moderation;
- (iv) entitle the System Integrator to claim or recover any:
 - (A) additional payment, compensation or otherwise from the Authority; and/or
 - (B) relief from the performance of the System Integrator's obligations under this Contract;
- (v) increase the Authority's obligations and/or liabilities under (and/or arising out of or in connection with) this Contract; and/or
- (vi) adjust any date set out in any Milestone Payment Plan and/or Approved Task Order (as the case may be);
- (vii) give rise to an Authority Change; and/or
- (viii) limit and/or exclude (and/or give rise to any relief from and/or any additional payment in respect of) the System Integrator's obligations and/or liabilities under this Contract; and

1.8.2 that following any election by or on behalf of the Authority, update the SRD and any other relevant Critical Documents to reflect such election within 10 Working Days of such election and within 10 Working Days of such election Upload such updated SRD and any other relevant Critical Documents.

2 Governance of Agile Trading Change

2.1 Notwithstanding any other provision of this Contract and without prejudice to the other provisions of this Schedule 9, the Parties agree that any Proposed Agile Trading Change shall take effect only where:

- 2.1.1 for a Proposed Agile Trading Change which relates to a Priority 1 SR, the Agile Trade Approval Certificate is signed by the Authority's representative nominated in Box 1 of DEFFORM 111;
 - 2.1.2 for a Proposed Agile Trading Change which relates to a Priority 2 SR, the Agile Trade Approval Certificate is signed by the Authority's representative nominated in Box 1 of DEFFORM 111 and
 - 2.1.3 for a Proposed Agile Trading Change which relates to a Priority 3 SR, the Agile Trade Approval Certificate is signed by the Authority's representative nominated in Box 1 of DEFFORM 111.
- 2.2 If the System Integrator proceeds with a Proposed Agile Trading Change, without obtaining the approval and signature set out in paragraph 2 of this Part 2 of Schedule 9 (*Change Procedure*), the System Integrator is deemed to proceed at its own risk and this shall not amount to a waiver of any right or remedy of the Authority under this Contract.
- 2.3 Where the System Integrator considers that a Proposed Agile Trading Change would amount and/or give rise to a Change, the System Integrator shall, when making a Proposed Agile Trading Change, notify the Authority's Representative of the same. If it is agreed by the Parties or determined pursuant to the Dispute Resolution Procedure that a Change would arise if the Proposed Agile Trading Change was implemented, then such Change shall be dealt with in accordance with Part 1 (*Change Procedure*) of this Schedule 9.
- 2.4 Any failure by the System Integrator to notify the Authority's Representative that a Proposed Agile Trading Change would amount and/or give rise to a Change shall constitute an irrevocable acceptance by the System Integrator that the implementation of such Proposed Agile Trading Change shall be without cost to the Authority and without any further relief for the System Integrator.

Annex 1: Agile Trade Approval Certificate Template⁴

Proposed Agile Trading Change			
Contract Number:	UAS/00106		
Proposed Agile Trading Change Reference Number:		Request Date:	
System Requirement:	<i>[Insert ref from Schedule 2, eg. to a specific section of Part 4 (the SOW)]</i>	Priority 1/2/3 SR:	<i>[insert relevant SR priority level]</i>
Summary of Proposed Agile Trading Change:			
The System Integrator confirms that the Proposed Agile Trading Change: <ul style="list-style-type: none"> • does not include a Mandatory Requirement and/or Key System Requirement; and • shall not result in or give rise to any of the matters set out in paragraph 1.8 of Part 2 of Schedule 9 	Signed:		
	Dated:		
<u>Authority's Commercial Officer</u> Agile Trading Change approved on behalf of the Authority	Signed:		
	Dated:		

⁴ The wording in square brackets in this Ad Hoc Task Order Template is provided for guidance and should be deleted prior to issue to the Authority

Schedule 10

Required Insurances

1 Third Party Liability Insurance

1.1 Insured

1.1.1 The "Insured" is the System Integrator.

1.2 Interest

1.2.1 Other than in respect of any claims or losses for which the Authority will indemnify under this Contract, the System Integrator shall indemnify the Insured (as set out in paragraph 1.1.1 (*Insured*)) in respect of all sums that the Insured (as set out in paragraph 1.1.1 (*Insured*)) may become legally liable (whether under contract, tort or otherwise) to pay as damages (including claimants' costs and expenses) in respect of accidental:

(i) death or bodily injury to, or sickness, or illness or disease contracted by any person; and

(ii) loss of or damage to property,

happening during the period of insurance (as set out in paragraph 1.5 of this Schedule 10) and arising out of or in connection with this Contract.

1.3 Limit of indemnity

1.3.1 The limit of indemnity is not less than ten million pounds (£10,000,000) in respect of any one occurrence, or series of occurrences arising out of one (1) event, the number of occurrences being unlimited in any annual policy period, but ten million pounds (£10,000,000) in the aggregate per annum in respect of products liability (to the extent insured by the relevant policy) and pollution liability (to the extent insured by the relevant policy).

1.4 Territorial limits

1.4.1 The territorial limits are as determined by the requirements of this Contract.

1.5 Period of insurance

1.5.1 The period of insurance is from the date of this Contract for the duration of this Contract and renewable on an annual basis unless agreed otherwise with the Authority.

1.6 Cover features and extensions

1.6.1 The cover features and extensions are:

(i) legal costs in addition to the limit of indemnity; and

- (ii) indemnity to principals clause or additional insured equivalent under which the Authority shall be indemnified in respect of claims made against the Authority arising from death or bodily injury and/or third party property damage for which the System Integrator is legally liable under this Contract.

1.7 Principal exclusions

1.7.1 The principal exclusions shall be:

- (i) war and related perils exclusion;
- (ii) nuclear and/or radioactive risks exclusion;
- (iii) liability for death, illness, disease or bodily injury sustained by employees of the Insured (as set out in paragraph 1.1.1 (*Insured*)) arising out of the course of their employment;
- (iv) liability arising out of the use of mechanically propelled vehicles whilst required to be compulsorily insured by legislation in respect of such vehicles;
- (v) liability in respect of predetermined penalties or liquidated damages imposed under this Contract;
- (vi) liability arising out of technical or professional advice other than in respect of death or bodily injury to persons or damage to third party property;
- (vii) liability arising from pollution and contamination unless caused by a sudden, unintended, unexpected and accidental occurrence.
- (viii) cyber liability exclusion; and
- (ix) asbestos and/or toxins.

1.8 Maximum deductible threshold

1.8.1 The maximum deductible threshold shall not exceed £0 for each occurrence in respect of loss of or damage to third party property.

1.9 Compulsory insurances (including employers liability insurance and motor vehicle third party liability insurance)

1.9.1 Throughout the period of insurance (as set out in paragraph 1.5 of this Schedule 10), the System Integrator shall:

- (i) meet United Kingdom and other relevant territory statutory insurance obligations in full; and
- (ii) take out and maintain any insurances that are required to comply with all statutory requirements relating to this Contract including, but not

limited to, United Kingdom employers liability and motor third party liability insurances,

(the "**Compulsory Insurances**").

- 1.9.2 As appropriate, the employers liability insurance shall extend to include any relevant offshore work in connection with this Contract.
- 1.9.3 All Compulsory Insurances shall contain an indemnity to principals clause or additional insured equivalent.