



Defence  
Infrastructure  
Organisation

## **Call-Off Schedule 4a**

### **Billable Works**

### **Built Estate**

**REF: RM6089**

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## CALL-OFF SCHEDULE 4A – BILLABLE WORKS

## **CALL-OFF SCHEDULE 4A**

### **BILLABLE WORKS**

#### **1. INTRODUCTION**

- 1.1 This schedule prescribes the procedure, calculations and rates to be used by the Buyer and Supplier when assessing the Charges for Billable Works.
- 1.2 Billable Works are created and managed in accordance with this Call-Off Schedule 4A (Billable Works) and Part 11 of Call-Off Schedule 28 (Specification).
- 1.3 Work Orders:
  - 1.3.1 Are written instructions by the Buyer to carry out Billable Works and other Deliverables that are not included within the Baseline Monthly Payment;
  - 1.3.2 Are not used to instruct for Billable Works within Value Band One (as defined in Paragraph 3.2 of this Schedule 4a) unless a Firm Price is requested by the Buyer;
  - 1.3.3 Shall include details of any interim or milestone payments and the associated Deliverables that shall apply to the relevant Billable Works.
- 1.4 It is expected that good Supplier performance will mean that the Supplier is the Buyer's preferred provider of Billable Works for Value Bands One, Two and Three.
- 1.5 Nothing in this Schedule shall give the Supplier exclusive rights over Billable Works.
- 1.6 The Buyer shall not be required to order Billable Works from the Supplier and shall be entitled to order Billable Works from other suppliers.

#### **2. BILLABLE WORKS**

- 2.1 All Billable Works shall be authorised in accordance with this Call-Off Schedule 4A (Billable Works).
- 2.2 Any Quote / invoice for Billable Works shall breakdown the costs in accordance with RICS New Rules of Measurement 3 (NRM 3) including using the categories below, except as otherwise agreed:
  - 2.2.1 labour;
  - 2.2.2 parts;
  - 2.2.3 replacement Assets;
  - 2.2.4 materials;
  - 2.2.5 profit;
  - 2.2.6 Billable Works Management Overheads (Value Band Three only), Corporate Overheads and Profit percentages detailed in Part 11 of Call Off Schedule 29 (Rates and Prices); and

- 2.2.7 such other applicable cost categories as the Buyer may notify to the Supplier from time to time.
- 2.3 Using the process for instructing a Change, as set out in Call-Off Schedule 15 (Contract Management), the Buyer may issue instructions requiring an addition to, omission from, or other change in the Billable Works or requiring a change to how those Billable Works are undertaken including matters relating to access, working hours, the sequencing of any activities and other constraints on how the Billable Works are to be undertaken.
- 2.4 The effect of any such instruction on the Charges shall be valued in accordance with the principles set out in this Call-Off Schedule 4A (Billable Works). Any instructions issued by the Buyer shall be valued on a fair and reasonable basis using, where relevant, rates and prices used in the accepted quotation for the Billable Works and any such valuation shall include any costs and/or expense reasonably incurred by the Supplier due to any disruption or delay caused to the progress of the Billable Works in complying with any such instruction.
- 2.5 The Supplier shall include, as a Core Service:
- 2.5.1 in addition to the services at paragraph 3.6 for Billable Works in Value Bands One and Two, the professional services required to achieve the Deliverables for the design phase, the preparation of a Statement of Need, Rough Order of Cost (ROC), Quote, the management of a tendering process for Value Band Two (equal to or above £100k), and any other services required to deliver the Billable Works as defined under the RIBA plan of work stages 0 to 7 including, but not limited to, feasibility studies, surveys, technical drawings, project schedules, project risk register, in order to secure the Buyer's approval to proceed to construction; and
- 2.5.2 for Value Band Three this shall include the preparation of a Statement of Need, ROC, development of options and the management of the tendering process.
- 2.6 The professional services required to achieve the Deliverables for the design phase of Billable Works in Value Band Three are to be priced on a case by case basis.
- 2.7 For the purposes of paragraph 2.5 only, the related price included in Call-Off Schedule 29 (Rates and Prices) shall be set with reference to the Buyer's CIDP20 (as included in the Virtual Data Room), and shall be adjusted annually at the start of each Financial Year, using the Change Process, as at Call-Off Schedule 15 (Contract Management) when the following conditions are met:
- 2.7.1 For professional services, the related price may be adjusted on a pro-rated basis when the total number of Billable Works in Value Band One and Two tasks for the year requiring professional services represents a difference of more or less than 5% of the number indicated by the CIDP20. If the 5% is triggered then the baseline for calculation shall become the CIDP against which the calculation was based.
- 2.8 The Supplier shall accept the designs of other suppliers, as provided by the Buyer, as the basis for its construction of Billable Works.

### 3. QUOTATION AND TENDERS FOR BILLABLE WORKS

- 3.1 Where the Buyer gives instructions to the Supplier to manage and/or execute Billable Works different pricing mechanisms shall apply within each of three Value Bands. These are:
- 3.1.1 Value Band One covering Billable Works from £0 to £25,000 ex VAT.
- 3.1.2 Value Band Two covering Billable Works from £25,001 to £1,000,000 ex VAT.
- 3.1.3 Value Band Three covering Billable Works from £1,000,001 ex VAT.
- 3.2 The upper and lower thresholds of each Value Band will be subject to Indexation as described in Schedule 5 (Pricing).
- 3.3 Exceptionally, the Buyer may direct that a Value Band 2 Billable Work below £100,000 ex VAT may be treated as if it is in Value Band 1. This is likely to be used when the Buyer has an urgent requirement to be delivered quickly. In these circumstances, it is recognised that the Buyer may request a delivery timescale which may reasonably impact on the Supplier's Ascertained Costs. The profit and overhead for such exceptional Value Band 1 Billable Works are not included within Core Services.
- 3.4 The Buyer shall reserve the right to amend the Value Band thresholds annually, as part of its routine contract governance.
- 3.5 **Value Band One** Billable Works shall be managed and executed by the Supplier and are to be delivered as follows:
- (a) A Statement of Need shall be generated.
  - (b) If required by the Buyer, the Supplier shall;
    - (i) provide a Rough Order of Costs (ROC) estimate within 5 Working Days or as otherwise agreed by the Buyer, and
    - (ii) wait for authorisation to proceed.
  - (c) If a ROC is not requested the Buyer shall authorise the task and the Supplier may proceed with Value Band One Billable Works.
  - (d) On completion of the Value Band One Billable Works the Supplier will be entitled to include the Charges for such work in the next invoice it is to submit to the Buyer on an Ascertained Costs basis.
  - (e) Value Band One Billable Works invoiced costs will be categorised in accordance with NRM 3 as described in Paragraph 2.2 of this Schedule.
  - (f) The Buyer will audit a sample of Value Band One invoices to assess that Billable Works are delivered to satisfactory time, price and quality in accordance with the Performance Measures as described in Schedule 14 (Performance Management).
  - (g) The Buyer reserves the right to request Firm Prices for Value Band One Billable Works; if Firm Prices are requested, a Work Order shall be used.

- (h) The Supplier shall invoice the Buyer as per paragraph 3.6.d or as otherwise set out in a Work Order and in accordance with the provisions of Call-Off Schedule 5 (Call-Off Pricing).

**3.6 Value Band Two** Billable Works shall be managed and/or executed by the Supplier and will be delivered as follows:

- (a) A Statement of Need shall be generated.
- (b) The Supplier shall provide a Rough Order Cost within 5 Working Days of the Statement of Need being generated.
- (c) Then for values below £100,000 ex VAT, the Supplier shall:
  - (i) on request, consider the development of options (for scope, timescales etc) with the Buyer to determine a preferred way forward;
  - (ii) obtain three Firm priced Quotes from their Supply Chain, within 20 Working Days, unless otherwise agreed with the Buyer.
- (d) Or for values equal to, or above £100,000 ex VAT, the Supplier shall then:
  - (i) consider the development of options (for scope, timescales etc) with the Buyer to determine a preferred way forward;
  - (ii) obtain at least three priced tenders from their supply chain under a formal competitive procurement process, that follows UK Government public sector procurement requirements as agreed between the Supplier and the Buyer. This shall normally be a Firm priced tender but may be directed otherwise by the Buyer.
- (e) The Supplier shall not commence any Value Band Two Billable Works until approval has been granted by the Buyer to proceed, in the form of a Work Order.
- (f) The Supplier shall invoice the Buyer as set out in the Work Order and in accordance with the provisions of Call-Off Schedule 5 (Call-Off Pricing).

**3.7 Value Band Three** Billable Works shall be managed and/or executed by the Supplier.

- (a) A Statement of Need shall be generated.
- (b) The Supplier shall:
  - (i) provide a Rough Order Cost within 10 Working Days of the Statement of Need being generated.
  - (ii) consider the development of options (for scope, timescales etc) with the Buyer to determine a preferred way forward;
- (c) On instruction from the Buyer to proceed, the Supplier shall obtain at least three formal tenders under a formal competitive procurement process, that follows UK Government public sector procurement requirements. The process and the most effective

pricing model shall be set by the Buyer to best meet the business need.

- (d) The Supplier shall not commence any Value Band Three Billable Works until approval has been granted by the Buyer to proceed, in the form of a Work Order.
- (e) The Supplier shall invoice the Buyer as set out in the Work Order and in accordance with the provisions of Call-Off Schedule 5 (Call-Off Pricing).

### **3.8 Exceptional situations**

3.8.1 Emergency situations and/or Business Critical Events may give rise to the need for the Supplier to take immediate action to deal with events that present an immediate risk to security or the health and safety of persons or Buyer Premises. In such circumstances, the Supplier may be unable to obtain the Buyer's prior approval prior to taking such action, and so the Supplier shall:

- (a) notify the Buyer immediately; and
- (b) seek formal approval from the Buyer by email and/or telephone as soon as is operationally possible, and
- (c) keep the Buyer advised on the technical and financial status of the task;
- (d) retrospectively commence the proper process as described in this Paragraph 3, as soon as is reasonably practicable and no later than the start of the next Working Day.

The Buyer shall not unreasonably withhold approval to any Ascertained Costs reasonably and properly incurred by the Supplier.

3.8.2 If, part way through the delivery of a Value Band One Billable Work, it becomes evident that the final costs may exceed the Value Band One upper threshold then the Supplier shall notify the Buyer as soon as is reasonably practicable and await instructions as to how to proceed.

3.8.3 If Billable Works are aborted by the Buyer prior to completion, any claim for costs up to the point of it being aborted shall be treated as a Recompense Request as per Call-Off Schedule 15 (Contract Management); any such claim shall be for Ascertained Costs.

## **4. SUPPLIER BEHAVIOURS**

- 4.1 The Supplier shall maximise the benefits of its own buying power by being granted access to and exploring other CCS and Buyer frameworks and benchmarking against these to offer the most advantageous commercial position to the Buyer to ensure value for money.
- 4.2 The Supplier shall source parts at the most cost-effective terms having regard to quality and delivery time requirements. The Supplier and the Buyer shall agree in advance the use of refurbished parts where they are deemed to be cost beneficial without any loss of service or as required to achieve required return to full operational service.

- 4.3 The provisions for Replacement Equipment, Installation Works and Defects, as set out in Call-Off Schedule 4 (FM) and Clause 3 of the Core Terms shall apply to all Billable Works.

## 5. TIME FOR COMPLETION

- 5.1 The Supplier shall with due diligence and expedition commence and carry out the Billable Works so they are complete by the date specified in the Work Order, or if not specified, then within a reasonable period after its issue ("**Completion Date**").
- 5.2 To the extent that any Billable Works are required to be completed by a specific Completion Date, the Supplier shall be entitled to additional time if and to the extent that the progress of the Billable Works is or will be delayed by:
- 5.2.1 a Variation (unless additional time has been agreed under Clause 24 Changing the contract);
- 5.2.2 a material change to the Billable Works instructed by the Buyer; or
- 5.2.3 an Authority Cause or any other act of prevention by the Buyer; or
- 5.2.4 any of the following events or circumstances the occurrence of which is beyond the Supplier's control, the Supplier could not reasonably have foreseen or provided against, having arisen the Supplier could not reasonably have avoided or overcome, and is not substantially attributable to the Buyer:
- (a) war, hostilities (whether war be declared or not), invasion, act of foreign enemies, rebellion, terrorism, revolution, insurrection, military or usurped power, or civil war;
  - (b) riot, commotion or disorder by persons other than the employees of the Supplier or any Supplier Staff;
  - (c) official strike or industrial action which prevents or demonstrably delays the provision of the Deliverables provided that such strike or industrial action is of a national or regional nature, does not affect the site of the provision of the Deliverables alone and is not restricted to the employees of the Supplier or any Supplier Staff;
  - (d) nuclear, chemical or biological contamination or sonic booms;
  - (e) exceptionally adverse weather conditions, or
  - (f) natural catastrophes such as earthquake, tsunami, volcanic activity, hurricane or typhoon;
  - (g) save for any of the above risks which are expressly assumed by the Supplier; or
- 5.2.5 a cause of delay giving the Supplier an entitlement to additional time under any other clause of the Contract.
- 5.3 If the Supplier considers itself to be entitled to additional time, the Supplier shall give notice to the Buyer in accordance with Clauses 5.2 and 25 (How to communicate about the contract). On receipt of such notice the Buyer shall consider whether the Billable Works has been or is likely to be delayed



beyond the Completion Date and if so, shall give additional time to the Supplier by fixing such later date for completion of the Billable Works as the Buyer estimates to be fair and reasonable.

- 5.4 When determining each entitlement to additional time under this Paragraph 5, the Buyer shall review previous determinations and may increase, but shall not decrease, the total additional time.
- 5.5 The Supplier shall not be entitled to additional time to the extent that it has failed to use best endeavours to avoid or reduce the cause of delay and/or effects of any delay; or to the extent that any delay is due to its own breach or default.
- 5.6 A Recompense Request may be considered if additional time is agreed and additional costs have resulted for which it is considered fair for the Supplier to be recompensed.

## **6. THE BILLABLE WORKS PROGRAMME**

- 6.1 The Buyer shall provide the Supplier with an initial set of proposed Billable Works as soon as reasonably practicable within the Mobilisation Period. These will be confirmed by the Buyer as Statements of Need on or before the ISD.
- 6.2 Following ISD, and by each 30<sup>th</sup> June, the Supplier shall provide their recommendations for Billable Works for the following Financial Year. This shall be a Forward Additional Services Plan.
- 6.3 Each year, as part of its ABC financial planning process the Buyer will share an indicative view of future Billable Works by each 15<sup>th</sup> January, and this will be confirmed before the start of each Financial Year.
- 6.4 The Supplier shall, on a monthly basis, update and maintain the Billable Works Programme.
- 6.5 The Billable Works Programme shall show:
  - 6.5.1 progress achieved and any delays with any in-stream Billable Works,
  - 6.5.2 actual spend (burn rate) monthly and cumulatively to date for each Value Band;
  - 6.5.3 anticipated Billable Works and predicted costs for the year ahead;
  - 6.5.4 estimated dates of completion;
  - 6.5.5 any critical paths, dependencies or key activities to completion of the Billable Works.

Annex A.

A1. The Statement of Need, its authorisation and the resulting Work Order are workflow processes within the Buyer's Infrastructure Management System (IMS). The required elements for the Statement of Need are set out in Table A1 below.

**Table A1. Statement of Need Data Elements.**

[Redacted – Commercially Sensitive]