

Schedule 18

Dispute Resolution Procedure

1 ARMOUR CENTRE SUPPORT CONTRACT (ASC) DISPUTE RESOLUTION GROUP (DRG)

- 1.1 If a disagreement arises whether before or after termination or expiry of the Contract and it cannot be resolved at the operational level, then the matter must first be referred to the ARMOUR Centre Support Contract (ASC) Dispute Resolution Group (ASC DRG) "ASC DRG". The ASC DRG must meet in accordance with Annex A to this Schedule.
- 1.2 If the disagreement is resolved by the ASC DRG, the resolution of the disagreement must be recorded in writing in an appropriate legally binding form and such form must bear the signature of two Authority Representatives and two Service Provider Representatives, and such resolution shall be final and binding on the Parties.
- 1.3 If discussions in the ASC DRG result in or, if implemented, would result in a proposed change to the Contract or commitment to additional expenditure or any other matter affecting the Contract, the proposed change must be submitted to the Service Provider and the Authority for approval.
- 1.4 Any recommendations made by the ASC DRG and approved in the manner identified in Paragraph 1.3 above must be complied with by the Parties.
- 1.5 If the ASC DRG is unable to resolve the disagreement the matter shall be deemed to be a Dispute and shall be dealt with in accordance with the Adjudication Procedure at Paragraphs 2 to 4 of this Schedule.

2 REFERRAL TO ADJUDICATION

- 2.1 If the ASC DRG is unable to resolve the Dispute then either Party may refer the matter to adjudication in accordance with the provisions of this Schedule.
- 2.2 The Adjudicator nominated to consider a Dispute referred to him shall be selected on a strictly rotational basis from the Panel appointed in accordance with Paragraph 3 below.
- 2.3 If the Adjudicator is either unwilling or unable to accept such appointment then the next Adjudicator on the Panel will be appointed. The process will be repeated until an Adjudicator is found who accepts the appointment. If none of the Adjudicators on the relevant Panel accepts the appointment then unless the Parties are able to agree upon the appointment of another Adjudicator the Chairman of the Chartered Institute of Arbitrators will be requested to make an appointment within five (5) Working Days of receiving a request to do so.

3 SELECTION OF THE ADJUDICATION PANEL

- 3.1 There shall be a panel of experts whom shall be wholly independent of the Service Provider, the Authority, any relevant sub contractors and any of the major competitors

of the Service Provider or relevant sub contractors (the "Panel"). The Panel shall be agreed to by the Parties within one month of the date of the Contract.

- 3.2 If any member of the Panel resigns during the Contract Term, a replacement expert shall be appointed jointly by the Service Provider and the Authority as soon as practicable.
- 3.3 If the Authority and the Service Provider are unable to agree on the identity of the experts to be appointed to the Panel in accordance with Paragraphs 3.1 and 3.2, the President of the Chartered Institute of Arbitrators shall appoint such expert(s) within twenty (20) Working Days of any application for such appointment by either Party.

4 ADJUDICATION PROCEDURE

- 4.1 Within five (5) Working Days of appointment in relation to a particular Dispute, the Parties shall submit in writing their respective arguments to the Adjudicator. The Adjudicator shall, in his absolute discretion, determine whether a hearing is necessary in order to resolve the Dispute.
- 4.2 In any event, the Adjudicator shall provide to both Parties his written decision on the Dispute within twenty (20) Working Days of appointment (or such other period as the Parties may agree after the reference, or thirty (30) Working Days from the date of reference if the Party which referred the Dispute agrees). Unless requested by either Party, the Adjudicator shall not state any reasons for his decision. Unless and until revised, cancelled or varied by the Arbitrator in accordance with Paragraph 5, the Adjudicator's decision shall be binding on both Parties who shall forthwith give effect to the decision.
- 4.3 The Adjudicator's costs of any reference shall be borne as the Adjudicator shall specify or, in default, equally by the Parties. Each Party shall bear its own costs arising out of the reference, including legal costs and the costs and expenses of any witnesses.
- 4.4 The Adjudicator shall be deemed not to be an arbitrator but shall render his decision as an expert and the provisions of the Arbitration Act 1996 and the law relating to arbitration shall not apply to the Adjudicator or his determination or the procedure by which he reached his determination.
- 4.5 The Adjudicator shall act impartially and may take the initiative in ascertaining the facts and the law. The Adjudicator shall have the power to open up, review and revise any opinion, certificate, instruction, determination or decision of whatever nature given or made under this Contract.
- 4.6 All information, data or documentation disclosed or delivered by a Party to the Adjudicator in consequence of or in connection with his appointment as Adjudicator shall be treated as confidential. The Adjudicator shall not disclose to any person or company any such information, data or documentation and all such information, data or documentation shall remain the property of the Party disclosing or delivering the

same and all copies shall be returned to such Party on completion of the Adjudicator's work.

- 4.7 The Adjudicator is not liable for anything done or omitted in the discharge or purported discharge of his functions as Adjudicator unless the act or omission is in bad faith. Any employee or agent of the Adjudicator is similarly protected from liability.

5 ARBITRATION

- 5.1 If the dispute is not resolved by negotiation or adjudication, then either Party may (within forty (40) Working Days of receipt of the Adjudicator's decision, where appropriate) notify the other Party of its intention to refer the Dispute to arbitration. Such notification shall invite the other Party to concur in the appointment of a sole arbitrator who shall be a solicitor, barrister or arbitrator recognised by the Chartered Institute of Arbitrators of not less than 10 years' standing (the Arbitrator). If the Parties are unable within ten (10) Working Days to agree the identity of the Arbitrator either Party may request the Chairman of the Chartered Institute of Arbitrators to make the appointment.
- 5.2 The Arbitrator's decision shall be final and binding on the Parties, subject to 5.3 below.
- 5.3 If the Arbitrator's decision results in or, if implemented would result in, a proposed change to the Contract or commitment to additional or reduced expenditure or any other matter affecting the Contract the proposed change must be submitted to the Service Provider and the Authority for approval.

6 CONTINUING WITH PROJECT OBLIGATIONS

- 6.1 Unless the Contract has already been terminated, the Service Provider shall, notwithstanding the existence of any disagreement (whether or not it is deemed to be a Dispute), in every case continue to proceed with meeting the Contract obligations, including the requirements of Schedule 2 (SOR) (except insofar as both Parties agree that it would not be in the best interests of the Contract as a whole for the Service Provider so to continue) with all due diligence, and the Parties must continue to comply with all their obligations under the Contract, regardless of the nature of the disagreement or Dispute and notwithstanding the referral of the disagreement or Dispute for resolution according to the procedures permitted under this Schedule.
- 6.2 The continued performance by each Party of its obligations as aforesaid shall not constitute nor be relied upon by the other Party as a waiver of any alleged rights or operate as acquiescence or estoppel in relation to or otherwise prejudice or diminish such rights to the extent that they are the subject of the disagreement or Dispute.

Annex A

Standard Operating Procedures of the ASC Dispute Resolution Group

1 FUNCTION

- 1.1 The ARMOUR Centre Support Contract (ASC) Dispute Resolution Group (ASC DRG) is a forum for the resolution of disputes arising between the Authority and the Service Provider in accordance with the provisions of Schedule 18 (Dispute Resolution Procedures). It has no powers in relation to this Contract or any of the Contract documents save as provided below.

2 PROCEDURES

- 2.1 Either Party is entitled by written notice to require the ASC DRG to meet within five (5) Working Days of receipt of the notice with a view to resolving the disagreement.
- 2.2 The Service Provider and the Authority agree that:
- (a) a quorum of the ASC DRG consists of two of the Authority's Representatives (one of whom must be the Authority's Commercial Manager and one to be either the DO or SO) and two of the Service Provider Representatives (one of whom must be the Service Provider Commercial Manager). All of the Authority's Representatives and the Service Provider Representatives are authorised to attend any such meeting;
 - (b) if a quorum will not be present at a particular meeting of the ASC DRG must be reconvened within five (5) Working Days after the date of the inquorate meeting. The Authority and the Service Provider must each use reasonable endeavours to ensure that all meetings are quorate;
 - (c) the Chairman of the ASC DRG will always be an Authority's Representative;
 - (d) an agenda of items to be discussed by the ASC DRG must be notified to the Authority's and Service Provider's Representatives at the time the meeting is called by the Party that called the meeting;
 - (e) representatives of third parties may attend the ASC DRG meeting or any part thereof with the consent of any of the Authority's Representatives and the Service Provider's Representatives such consent not to be unreasonably withheld or delayed;
 - (f) for the purposes of taking minutes of the meetings the Service Provider's Representatives shall be entitled to be accompanied by a secretarial assistant;
 - (g) all meetings of the ASC DRG shall be held at Bovington unless the Parties agree otherwise.

- 2.3 If it is not possible for the ASC DRG to resolve the disagreement at the initial meeting either Party is entitled by written notice to require the ASC DRG to meet again within ten (10) Working Days of receipt of the original notice.
- 2.4 During the period of such notice, the representatives of the Service Provider and the Authority must seek, from the Party by which they are appointed, the power and authority to resolve the disagreement.
- 2.5 The Service Provider shall ensure that minutes of each ASC DRG meeting are prepared and circulated to all attendees within one week of the date of the relevant meeting.
- 2.6 Two copies of each set of minutes are to be signed by one of the Authority's Representatives and one of the Service Provider's Representatives to acknowledge that the minutes are a true reflection of the business conducted at that meeting and one copy of the minutes will be retained by each of the Authority and the Service Provider.
- 2.7 For the avoidance of doubt, the presence of such signatories on any such minutes will not render such minutes "an appropriate legally binding form", for the purposes of Paragraph 1.2 of this Schedule and will not bind the Authority or the Service Provider.

3 COSTS

The Service Provider and Authority agree that all direct costs of their respective Representatives and invitees (including in the case of the Service Provider, the cost of secretarial support) of attending such meetings shall be borne by the Party incurring the cost.