

GAINSHARE FRAMEWORK AGREEMENT

This agreement is made between [REDACTED] and [REDACTED].

Whereas:

Contract 700003714 (herein after called "the Contract") was entered into between the Secretary of State for Defence, acting through the Ministry of Defence, [REDACTED] and [REDACTED] on the 1 April 2019 (hereinafter called "[REDACTED]" and "[REDACTED]" Or individually "a party" and collectively "the parties") for the Support of Maritime Trainers.

The parties, in entering into this agreement have mutually recognised the objective of reducing, wherever possible, the cost to the public purse of the performance of the Contract. The parties therefore wish to proceed jointly, where there is a mutual involvement and benefit with a view to:

- Improving the process of procurement of the Project with a view to reducing the overall cost to MOD for the Project as originally contracted for and;
- Agreeing how the benefits from such improvements will be shared between them (known as "Gainsharing").

Hence, the Parties agree that:

1. This agreement aims to encourage both Parties to think radically and imaginatively about the way the Project is to be delivered, with a view to identify opportunities which would generate benefit to both of the Parties.
2. A Gainshare opportunity can be initiated by either Party. Once conceived the initiating Party shall produce a draft proposal (including detail of expected benefit and rough order of magnitude costs) for consideration at the next management meeting where both Parties can assess the Opportunity.
3. If it is agreed that the idea should be progressed, both Parties shall commit resources as are required to develop the idea into a viable proposal with full technical, programme and commercial details including benefit-sharing proposal. DEFCON 502 and DEFCON 503 shall be the mechanism by which the proposals are prepared and implemented.
4. The Parties agree in principle that reductions in cost to the MOD of the Project or other benefits resulting from the implementation of the provisions of this Agreement will be shared on a ratio which would require agreement on a case by case basis.
5. If the value of a saving or the ratio by which they and the additional cost will be shared cannot be agreed by negotiations then the scope and the price of the Contract will remain unchanged for that proposed change.
6. The Parties will also agree any changes to the terms of the Contract necessary for the implementation of a proposal, e.g. changes to the Schedule of Requirements and payment terms. In reaching such an agreement the Parties will have as their objectives the minimising of any interference to the Schedule originally agreed for the performance of the Contract and any adverse effect on the Contractor's cash flow that originally provided under the Contract.
7. Following agreement of the matters described at paragraphs 3 to 5 above, the Contract shall be amended so as to give effect to this agreement.

8. The value of the savings will be agreed by negotiation between the Parties. MOD price Conditions DEFCON 643, DEFCON 648A, DEFCON 650A, DEFCON 651A and DEFCON 652 will not apply to the proposals that are the subject of this Framework Agreement. However, all proposals shall be open to assessment and the MOD, for the purposes for such assessment, shall be entitled to seek Pricing and Forecasting Group (PFG) review.

9. All proposals presented by either Party will be given proper consideration by the other Party and any further changes may be dealt with in the manner detailed above.

10. The following potential Gainshare opportunities have been identified at the commencement of this Contract and both Parties agree to investigate them without delay after the commencement of the Contract:

Examples of savings that could be achieved are as follows:

The table below shows the firm unit price per vehicle per year.

	FY19/20	FY20/21	FY21/22
Price per surface vehicle	██████████	██████████	██████████
Price per sub-surface vehicle	██████████	██████████	██████████

If less than 21 vehicles are modelled over the three-year core period, MoD have the option of either: seeking a reduction in overall price for the task in line with the table above, or requesting ██████████ to undertake additional activities to a similar price.

Gainshare is aimed at achieving cost savings through imaginative solutions resulting in a cost saving, which may then be shared between ██████████ and the MoD. In the case of a reduced number of vehicles being modelled, this is simply a direct saving to MoD due to a reduction in requested scope, and hence all of the saving will be gained by MoD.

If instead of selecting a reduction in scope, if less than the 21 vehicles are required by MoD, MoD could ask ██████████ to undertake additional WSD tasks in their place. For example Enhanced aural, Active Sonar Modelling, RADAR modelling, Improved "Real-World" vehicle performance. ██████████ would cost these additional activities, and together with MoD select a package which would equate with the reduction due to the reduced number of vehicles modelled.

If ██████████ can identify any radical or imaginative manner for undertaking these additional activities, it may be possible to offer them to MoD at less than the amount of the vehicle savings, with the remaining funds shared between ██████████ and MoD in accordance with a Gainshare principle. Should this situation arise, then any Gainshare would be conducted in accordance with this Gainshare Framework Agreement.

Signed on Original

Signed on Original

Signed for and on behalf of:

████████████████████
████████████████████

Signed for and on behalf of:

████████████████████