

SCHEDULE 7 PRICING OF CHANGE**Future Pricing****Variation of Price Options**

1. In the event that the Authority exercises its rights to extend the contract in accordance with Clause 3 (Duration) the firm prices for Fire Fighting Training Services (FFTS), First Extension Price and Second Option Price will be subject to Variation of Price using indices K8ZU and a base date of 1 April subject to Clause 31 of the terms and conditions and Schedule 10 (Options to Extend). The prices stated in the Schedule of Requirements are FIXED at a Base date of 2019 For FFTU, 2021 for 1st Option to Extend, 2021 for 2nd Option to Extend. The prices do not include provision beyond this these dates for increases or decreases in the market price of the Articles being purchased. Any such variation shall be calculated in accordance with the following formula:

$$V = P (a+b(O_i/O_0)) - P$$

Where:

V represents the variation of price

P represents the FIXED price as stated in the Schedule of Requirements

O represents the index K87ZU

O₀ represents the average OUTPUT Price Index figure for the base period (specified above)

O_i represents the average OUTPUT Price Index figure for the period [...] to [...]

a represents the Non Variable Element (NVE) of 10%

b represents the Variable Element of 90%

a+b=1

The Index referred to above in Clause 1 above shall be taken from the following Tables:

OUTPUT Price Index - e.g. ONS Publication MM22

Table 2 'Price Indices of UK OUTPUT: All Manufacturing and Selected Industries', or, Table 4 'Price Indices of Products Manufactured in the UK'.

2. In the event that any material changes are made to the indices (e.g. a revised statistical base date) during the period of the contract 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.
3. 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 Contractor 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 Clause 54 above) shall then be applied.
4. 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.

5. The Contractor 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.
6. Prices shall be adjusted taking into account the effect of the above formula as soon as possible after publication of the relevant indices or at a later date if so agreed between the Authority and the Contractor. Where an index value is subsequently amended, the Authority and the Contractor shall agree a fair and reasonable adjustment to the price, as necessary.
7. Claims under this Condition shall be submitted having been, certified to the effect that the “requirements of this Clause (Index K8ZU)” have been met.

Pricing of Change

8. The change management processes defined in Schedule 4 (Change and Change Management) identify those types of change for which a change to the Contract Price are required, namely Annual Change, Exceptional Change and Break of Task. The Annual Change Pricing Mechanism (Annex A to Schedule 7) will manage these changes in terms of their evidenced impact on the Annual Contract Price.

9. Annual Change Pricing Mechanism

As a result of the of the Contractor’s submission to the Authority of the agreed SOTT (reference Schedule 4, 4.3.1 to 4.3.3) the Contractor will use the Annual Change Pricing Mechanism to evidence the changes and submit this with the draft Annual Change Report and SOTT+ (Schedule 4, 4.4.1 and 4.4.2).The following elements of the Training Service Delivery will be included in the calculation of the Annual Change Pricing Mechanism:

- 9.1. The duration of each Type C Course required in Schedule 2 (Statement of Requirements) which is expressed as periods per course within the Annual Change Pricing Mechanism based on the assumption that each Type C Delivery Period equates to one hour. For the purposes of creating a reference point to monitor change from the Baseline, the Contractor Delivery Periods and Type C Delivery Periods per course shall remain fixed within the Annual Change Pricing Mechanism.
- 9.2. The Training Unit relevant to the Training Delivery Support Service are as detailed in Schedule 2 (Statement of Requirements).

Cost Calculations within the Annual Change Pricing Mechanism set out in Annex A to this Schedule 7 will include the following Cumulative Change Thresholds (as measured against the Baseline) at Table 1:

Element of Training Services	Volumetric	Cumulative Change Threshold (as measured against the
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		Baseline)
Training Support Service	Course starts	+/- 35%
Training Equipment Availability Service	Course Starts	+/- 35%
Training Delivery Service (Type C)	Type C Delivery Periods	+/- 35%
Education Services NSAP	NSAP student starts	+/- 35%
Training Delivery Support Service	Contractor Delivery Periods	+/- 35% for each Training Unit

Training Delivery Service (Type C Courses)

- a. for long courses (those exceeding 10 Business Days) which routinely straddle more than one Training Year, the number of courses is based on the sum of whole or fractions of courses delivered during the Training Year;

Training Support Services and Training Equipment Availability Services

- b. changes in the number of Course Starts compared to the Baseline generate a cost adjustment commensurate with these changes and

Education Services NSAP Courses

- c. changes in the number of NSAP student starts compared to the Baseline level which will generate a cost adjustment

10. UOTRs

In the event that:

the UOTR Threshold has been exceeded in accordance with paragraph 8.4 of Schedule 4 (Change and Change Management); or

10.1.1. the Authority's preferred option for delivery of the UOTR requires external training delivery resources in accordance with paragraph 8.5.1.5 of Schedule 4 (Change and Change Management),

the UOTR will be deemed an Exceptional Change and will proceed with the pricing of that change as detailed below. In cases of Urgency the Authority may ask the Contractor to commence delivery of a UOTR in advance of price agreement.

Exceptional Change

11. In the event that a change identified in accordance with Schedule 4 (Change and Change Management) is approved and requires an adjustment to the Contract Price, the revised Contract Price shall be calculated in accordance with Defcon 127 or Defcon 643 as appropriate. The Contractor shall propose his price adjustment for the Exceptional Change utilising the Price Elements on which his Total Contract Price was calculated (Schedule 6, Annex A).
12. The Authority may agree the price for the exceptional change or request additional information as required in satisfying itself as to the value for money for the proposed price.
13. Once a price is agreed for an Exceptional Change, an amendment to the Contract Price shall be made, using an amendment to the Contract, including the update of Schedule 6 Annex B.
14. In the event of an Exceptional Change in year, the cost of the change shall be amortised over the remaining months of the current Annual Price as determined in the amendment to this Contract agreed in accordance with Schedule 4 (Change and Change Management), and subsequently added or deducted from the Monthly Sum.
15. In the event of an Exceptional Change, be amortised over the remaining months of the current Annual Price as determined in the amendment to this Contract agreed in accordance with Schedule 4 (Change and Change Management), Schedule 7 (Pricing of Change), and subsequently added or deducted from the Monthly Sum; or

16. Break of Task

16.1. In the event of a Task Termination Notice being given to the Contractor in accordance with Part 6 of Schedule 4 (Change and Change Management), the Authority shall pay to the Contractor fair and reasonable prices for Task Services or Task Deliverables and Contractor commitments which would otherwise represent an unavoidable loss.

- a. The Contract Price shall be amended to reflect the Break of Task and the Contractor's claim for payment.
- b. In the event that the Break of Task requires an amendment to the Annual Change Pricing Mechanism, the Contractor shall issue the latest version of the Annual Change Pricing Mechanism, as part of the amendment to this Contract in accordance with Schedule 4 (Change and Change Management).
- c. The Monthly Sum payable to the Contractor shall be amended in accordance with paragraph 6.4b of Schedule 9 (Payment Mechanism).

17. Training Optimisation

- 17.1. The Contractor shall seek to identify opportunities to optimise the delivery of Training Services throughout the Contract Period.
- 17.2. In accordance with Clause 34 Training Optimisation, the implementation of Contractor CI shall not result in a change to the Contract Price.
- 17.3. The Contractor may identify in the Training Optimisation Programme opportunities that shall result in benefits to the Authority outside the scope of this Contract and have no direct impact on the Contract requirement or Contract Price. Implementation of any such proposed change shall be at the sole discretion of the Authority and may be considered in any review to extend the Contract Period in accordance with clause 3 (Duration), clause 31 (Review) and Schedule 10 (Options).

ANNEX A

ANNUAL CHANGE PRICING MECHANISM

[TENDERER TO PROVIDE THIS ANNEX A TO SCHEDULE 7]