

Contract Governance and Management

1. Introduction

This Annex describes the Contract Governance and Management arrangements that will be applied during the Contract relating to formal and ad-hoc decision making over the life of the Contract. It defines the scheduled meetings their purpose together with associated Terms of Reference and contract reports to be delivered.

The purpose of the Contract Governance and Management arrangements is to support the effective delivery of the Contract by providing:

- I. Performance oversight
- II. Consideration of opportunities
- III. Aid to joint Decision making
- IV. Supports transparency
- V. Mechanism for escalation
- VI. Authority to make decisions flowed down to lowest appropriate level

To establish the Contract Governance and Management of this Contract the below meetings will be held and reports provided:

- I. Monthly Project Review Meeting
- II. Six Monthly Steering Board Meeting
- III. Annual Project Review Meeting
- IV. Monthly Project Progress Report
- V. Annual Project Review Report
- VI. Other ad-hoc reports in accordance with Annex E (Deliverable Documentation) of the Contract

2. Monthly report

The Contractor will provide monthly reports to the Authority 5 business days prior to the last business day of every month (except where subsumed by the Annual Report). The report shall include the document content requirements as detailed in Annex E CDRL Number 1. The report will reflect the performance for the month previous to the report.

3. Annual Progress Reports

With effect from the Effective Date, the Contractor shall issue Annual Progress Report to the Authority. The Annual Progress Report shall be issued five (5) Business Days prior to the last business day falling in March of each year of the Contract Term, save for the fifteenth year of the Contract in which case delivery shall be made five (5) Business Days prior to the last business day falling in February of that year.

The Annual Progress Report will contain an overview of the preceding year, including a summary of the achievements against the performance indicators, key issues for action, forecast of activity for the following year and overall progress and other issues and include attachments as detailed in Annex E CDRL Number 8.

The Annual Progress Report shall subsume the monthly report for that month.

4. Monthly Project Review Meeting

With effect from the Effective Date, the Contractor and Authority shall hold a Monthly Project Review meeting. The Terms of Reference (TORs) for the meeting shall be:

- I. To review the Contractor's performance in the period, including against the Key Performance Indicators (KPIs) and Performance Indicators (PIs) in accordance with Annex B (Key Performance Measurement, Monitoring and Reporting) of the Contract.
- II. To report on any Op Damage and/or Additional Tasking (TAFs) agreed in the period.
- III. To review risks and dependencies and their impact on the delivery of the KPIs
- IV. To discuss any Health and Safety issues or concerns raised in period relation to delivery of the Contract.
- V. To review and discuss any commercial, including financial matters, as may be required.
- VI. To review any other aspects of the Monthly Report
- VII. To agree matters for escalation to the Six Monthly Steering Board

The composition of the Monthly Project Review meeting shall be:

Authority	Contractor

The form of meeting may be a face to face meeting, video or a telephone conference. The form of meeting, location and the time of the meetings is to be agreed between the Parties.

The Monthly Progress Review meeting Chairman shall:

- (a) issue a calling notice for the meeting at least ten (10) Business Days before the scheduled date of the meeting;
- (b) issue the agenda together with any accompanying papers to each member of the meeting at least five (5) Business Days before the scheduled date of the meeting;
- (c) issue for approval the draft minutes to the within five (5) Business Days of the meeting;
- (d) within five (5) Business Days of receipt of the approved final minutes, issue the approved final minutes.

5. Six Monthly Steering Board Meeting

With effect from the Effective Date, the Contractor and the Authority shall hold a meeting of the Steering Board once every six months. The Terms of Reference (TORs) for the meeting shall be:

- I. To provide clarity, guidance and strategic direction for MSET to ensure Contract remains fit for purpose.
- II. To promote discussion and agree programmes and plans for business and equipment opportunities, gainshare and continuous improvement.
- III. To provide a forum to review and discuss key risks and dependencies and their impact on the delivery of the Key Performance Indicators
- IV. To provide direction on the prioritisation to be applied in the event of any conflict in delivery of the Contract.
- V. To promote and re-enforce the partnering practises and collaborative working relationship between the Contractor and the Authority
- VI. To provide a forum to review and consider in good faith any issues and/or disputes that cannot be resolved at the working Project Management level

The composition of the Steering Board shall be:

Authority	Contractor

Meetings of the Steering Board shall be face to face and take place at either Abbey Wood or the Contractor's Offices at Building 550, Bristol.

The Steering Board Chairman shall:

- (e) issue a calling notice to each member of the Steering Board at least ten (10) Business Days before the scheduled date of the meeting;
- (f) issue the agenda together with any accompanying papers to each member of the Steering Board at least five (5) Business Days before the scheduled date of the meeting;
- (g) issue for approval the draft minutes to the Steering Board within five (5) Business Days of the meeting;
- (h) within five (5) Business Days of receipt of the approved final minutes, issue the approved final minutes to each member of the Steering Board.

Ad Hoc Steering Board Meetings

Any member of the Steering Board may request the Steering Board Chairman to call an Ad Hoc Steering Board meeting by making such request in writing and providing the Steering Board Chairman with reasons as to why the Ad Hoc Steering Board meeting is required and the issues to be discussed or resolved in it.

Upon receipt of a request for an Ad Hoc Steering Board meeting the Steering Board Chairman shall, notify the Steering Board members in writing of the Ad Hoc Steering Board meeting and an Ad Hoc Steering Board Meeting shall take place as soon as practicable having regard to the gravity and urgency of the issues to be discussed.

6. Annual Project Review Meeting (APRM)

With effect from the Effective Date, the Contractor and the Authority shall hold an Annual Project Review Meeting (APRM) once every twelve months. The APRM will replace the Monthly Project Review meeting for that month. The Terms of Reference (TORs) for the meeting will be as per the Monthly Project Review meeting, but also:

- I. To review the Annual Progress Report
- II. To provide both the Contractor and Authority forum to report on the overall progress of the Contract
- III. To review the operation of the Variation of Price (VOP) mechanism to assess the continued appropriateness of the mechanism and indices and to propose amendments for review
- IV. To review any major changes proposed to the Statement of Requirements (SOR) resulting from the Authority's Annual Budgetary Cycle (ABC). Any changes to the Contract shall be in accordance with the volume control and shall be subject to Change Control Procedures

The composition of the ARPM shall be:

Authority	Contractor

Meetings of the ARPM shall be face to face and take place at either Abbey Wood or the Contractor's Offices at Building 550, Bristol.

The ARPM Chairman shall:

- (a) issue a calling notice for the meeting at least ten (10) Business Days before the scheduled date of the meeting;
- (b) issue the agenda together with any accompanying papers to each member of the meeting at least five (5) Business Days before the scheduled date of the meeting;
- (c) issue for approval the draft minutes to the within five (5) Business Days of the meeting;
- (d) within five (5) Business Days of receipt of the approved final minutes, issue the approved final minutes.

7. Extraordinary Meetings

Extraordinary meetings may be called by either the Contractor and/or the Authority. The requesting party will be responsible for the arrangements, notification of date (must be of reasonable nature) and secretarial output.

8. Contract Future Requirement Review

8.1 At an appropriate date agreed by the parties the Authority may review the requirements of the Contract in light of technology development, MOD strategic policy and Government military reviews. The Authority shall advise the Contractor no later than TBC of any change as a result of the review which will impact on the Authority's requirement and the Contract.

8.2 Issues to be addressed shall include, but not be limited to the following Future Requirement and Operational Performance Terms of Reference:

8.2.1

Terms of Reference – Future Requirement	
Lessons learned	Impact on Requirement as scoped in Contract – does it remain valid?
Continued & future appropriateness of the requirement as scoped in contract.	Is Authority's future requirement served by the scope of support provided by the Contract? If not should contract continue

Structure and role of PO/UEW	Review MOD and Contractor roles & responsibilities and effectiveness & value in contributing to outputs and costs.
Scope of systems supported under contract	Consideration of the benefits of addition of further systems for support under the contract or removal of any system from the contract.
Astute sonar support	Impact of Astute programme on future requirement for this contract.
Evolution of technology	Consideration whether technological advances or Government Policy (e.g. Open Systems Architecture) indicate that the underlying principles informing the scope of the Contract are undermined to the point that the Contract as scoped ceases to be the best value route to repair systems.
Value for money (VFM)	Opportunities for better VFM and reduced Cost of Ownership.

9. Contract Review Procedure

9.1 No later than three (3) months prior to the third anniversary (or any subsequent anniversary) of the Effective Date, either Party may by prior notice in writing to the other Party initiate a Contract Review Procedure (the Initial Contract Review Procedure).

9.2 Within 30 days of receipt of such notice as referred to in paragraph 9.1 above, the Parties shall arrange to meet in order to agree a programme of meetings prior to the end of the relevant Contract Year, at which the Parties will review and agree any amendments to the Contract in the context of (but not limited to):

- (a) Contract performance;
- (b) KPIs;
- (c) Incentivisation; and
- (d) Process Refinement.

9.3 The meetings referred to in paragraph 9.2 shall be held in good faith between the Parties and where any amendments to the Contract are mutually agreed they shall be effected in accordance with DEFCON 503 (Edn. 07/21).

9.4 Following the Initial Contract Review Procedure, either Party may initiate by prior notice in writing to the other Party a further Contract Review Procedure no earlier than three (3) months prior to the third anniversary of the Initial Contract Review Procedure and thereafter no earlier than three (3) months prior to the third anniversary of the relevant preceding Contract Review Procedure.

9.5 For the avoidance of doubt Annex A shall not be subject to any Contract Review Procedure.

9.6 Additionally, within 90 (ninety) days of the 12-month anniversary of the Effective Date, and annually thereafter, the Authority and Contractor shall meet to review performance of the Variation of

Price (VOP) mechanism detailed in Clause 12. The purpose of the review being to assess the continued appropriateness of the mechanism and indices.

9.7 If either the Contractor or the Authority considers the continued use of the mechanism and/or an indices is no longer appropriate and its continued use will significantly disadvantage itself, it shall set out to the other Party the reasons why it considers it is no longer appropriate, proposing changes to return to the mechanism to an appropriate position.

9.8 The review shall be held in good faith and any proposal for change reasonably considered by the other Party. Following the review, where any amendments to the Contract are mutually agreed they shall be effected in accordance with DEFCON 503 (Edn. 07/21).

9.9 For the avoidance of doubt, any agreed change shall not apply retrospectively to the Contract.