

Variation of Price

1. The prices stated in the Schedule of Requirements Item Nos. 3 and any Option Years in the Schedule of Requirements Item Nos. 5, 6, 7, 8 and 9 and any Additional Tasking rates or Overfly and Underfly rates for Contract Year 4 onwards are FIXED at Contract Year 1 price levels. The prices do not include provision beyond this date 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:

D7BT - CPI INDEX 00: ALL ITEMS 2015=100 to cover prices for Schedule of Requirement Items 3 and Option Years 5, 6, 7, 8 and 9 including any associated Overfly and Underfly Rates; or

HSGG - SPPI INDEX OUTPUT DOMESTIC - M Professional, scientific and technical services to cover prices of Ad-Hoc Tasks carried out under Schedule of Requirement Item No. 4 in Contract Year 4 and following Contract Years

O₀ represents the average OUTPUT Price Index figure for the base period [12 months immediately prior to the date of the Contract] to [The date of the Contract] (as above)

O_i represents the average OUTPUT Price Index figure for the period [12 months immediately prior to the relevant Contract Year] to [The first day of the relevant Contract Year]

a represents the Non Variable Element (NVE) of 0

b represents the Variable Element of 1

$$a+b=1$$

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

OUTPUT Price Index - **D7BT - CPI INDEX 00: ALL ITEMS 2015=100**
HSGG - SPPI INDEX OUTPUT DOMESTIC - M Professional, scientific and technical services 2015=100

3. Indices published with a 'B' or 'F' marker, or a suppressed value, in the last 3 years are not valid for Variation of Price clauses and shall not be used. Where the price index has an 'F' marker or suppression applied to it during the term of the Contract, the Authority and the Contractor shall agree an appropriate replacement index or indices. The replacement index or indices shall cover, to the maximum extent possible, the same economic activities as the original index or indices.

4. 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 rebasing methodology outlined by the Office for National Statistics (ONS, the series providers) to match the original index to the new series shall be applied.

5. 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 4 above) shall then be applied.

6. 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.

7. 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.

8. 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.

9. Claims under this Condition shall be submitted to the Bill Paying Branch, certified to the effect that the requirements of this Schedule 12 to Contract No. 703723450 have been met.