

- [REDACTED]
- 14.1. Where any of the events described in Clause 14.2 has or have occurred then the Authority may, subject to Conditions 19 (Relief Events); 18 (Authority Step-In); 20 (Measures in a Crisis); 21 (Force Majeure Events), 14.2 to 14.5 (Contractor Rectification) and 14.10 to 14.12 (Partial Termination), terminate this Contract by giving a Termination Notice to the Contractor, receiver, administrative receiver, liquidator, or any other person in whom the Contractor's interest in this Contract may be vested at the relevant time.
- 14.2. Each of the following events shall entitle the Authority to terminate this Contract by serving a Termination Notice:
- 14.2.1. a breach by the Contractor of any of its obligations under this Contract which materially affects the performance of the Services and/or the Contractor's other obligations under this Contract (other than any other breaches listed in this Condition);
 - 14.2.2. the occurrence of a Persistent Breach;
 - 14.2.3. the occurrence of the circumstances referred to in DEFCON 515 (Bankruptcy and Insolvency);
 - 14.2.4. subject to paragraph 3 of DEFCON 520 (Corrupt Gifts and Payment of Commission), the occurrence of the circumstances referred to in paragraph 2 of DEFCON 520;
 - 14.2.5. NOT USED
 - 14.2.6. a breach by the Contractor of DEFCON 518 (Transfer);
 - 14.2.7. a breach by the Contractor of DEFCON 566 (Change of Control of Contractor); and/or
 - 14.2.8. the Contractor commits a breach of this Contract which results in the criminal investigation, prosecution and conviction of the Contractor and any subcontractor under the Health and Safety Legislation.

Contractor Rectification

- 14.3. The Authority shall not terminate this Contract in the event of a Rectifiable Default except where compliant with Clauses 14.3 to 14.5. For the purposes of Clauses 14.3 to 14.5, a Rectifiable Default means any event identified in Clause 14.2.1 or in Clause 14.2.8. Where a Rectifiable Default has occurred, the Authority shall, if it wishes to terminate this Contract, give notice in writing (an Authority Rectification Notice) prior to issuing the Termination Notice to the Contractor, requiring the Contractor to make a proposal acceptable to the Authority for the rectification of the Rectifiable Default within fourteen (14) days after the date of the Authority Rectification Notice (or such longer period as may be agreed by the Authority).
- 14.4. If no such proposal for rectification is received by the Authority within fourteen (14) days of the date of the Authority Rectification Notice (or such longer period as may be agreed by the Authority), then the Authority may terminate this Contract.
- 14.5. Where a proposal for rectification is received by the Authority within fourteen (14) days after the date of the Authority Rectification Notice (or such longer period as may be agreed by the Authority) (being hereinafter referred to as the Rectification Plan), the Contractor shall remedy the default within fourteen (14) days (or such longer period as may be agreed by the Authority). At the expiry of that period (or other period if agreed) if the Contractor has failed to rectify, or cause to be rectified, the default to the satisfaction of the Authority, the Authority may proceed to terminate this Contract by the service of a Termination Notice.

Persistent Breach

- 14.6. If a particular breach (which has occurred and is considered by the Authority as being outside the scope of Condition 13 (KPIs)), has continued for more than sixty (60) days or occurred more than three (3) times in any three (3) month period, then the Authority's Authorised Representative may serve a notice on the Contractor;
- 14.6.1. specifying that it is a formal warning; and
 - 14.6.2. giving reasonable details of the breach; and
 - 14.6.3. stating that the breach is a breach which, if it recurs frequently or continues, may result in a termination of this Contract.
- 14.7. If, following the service of such a warning notice, the breach specified has continued beyond thirty (30) days or recurred in one or more months within the six (6) month period after the date of service, then the Authority's Authorised Representative may serve another notice (a Final Warning Notice) on the Contractor:
- 14.7.1. specifying that it is a Final Warning Notice; and
 - 14.7.2. stating that the breach specified has been the subject of a warning notice served within the six (6) month period prior to the date of service of the Final Warning Notice; and
 - 14.7.3. stating that, if such breach continues for more than thirty (30) days or recurs in one or more months within the six (6) month period after the date of service of the Final Warning Notice, the Contract may be terminated.
- 14.8. A warning notice may not be served in respect of any incident of breach which has previously been counted in the award of a separate warning notice.
- 14.9. If the breach continues for more than thirty (30) days or recurs in one or more months within the six (6) month period after the date of service of the Final Warning Notice (a Persistent Breach), the Authority's Authorised Representative may, by notice to the Contractor, terminate this Contract on the date falling twenty (20) days after receipt of such notice.

Partial Termination Right

- 14.10. The Contractor acknowledges the Authority's right to terminate part, but not the whole, of this Contract. If the Authority exercises such a right, the Contract Price shall be proportionately reduced to reflect the impact of such termination on the Services.
- 14.11. If any right to terminate this Contract is exercised under this Clauses 14.10 and 14.11, the Parties shall comply with the provisions of Condition 17 (Financial Consequences of Termination).
- 14.12. For the avoidance of doubt, where Clauses 14.10 and 14.11 apply, the Parties shall continue to fulfil their respective obligations in respect of those parts of this Contract that are not identified in the Termination Notice as being terminated.

15. Termination for Prohibited Acts

- [REDACTED]
- 15.1. For the purposes of this Condition 15, sub-contractor means a sub-contractor to the Contractor, a sub-contractor of a sub-contractor to the Contractor, or any other sub-contractor if whatever tier involved in the provision of the Services.
- 15.2. If the Authority wishes to terminate this Contract because the Contractor or any sub-contractor (or anyone employed or acting on behalf of any of them) or any of its or their agents or shareholders commits a Prohibited Act, the Authority shall serve a Termination Notice on the Contractor stating:
- 15.2.1. the nature of the Prohibited Act unless, in the case of a Breach of Security, a Senior Civil Servant in its absolute discretion consider that the disclosure of the nature of the Breach of Security is not in the interests of national security; and
 - 15.2.2. the identity of the party whom the Authority believes has committed the Prohibited Act; and
 - 15.2.3. the date on which this Contract shall terminate in accordance with Clauses 15.5 to 15.8 (inclusive).
- 15.3. In these Clauses 15.1 to 15.9, the expression "not acting independently of" (when used in relation to the Contractor or sub-contractor (of whatever tier)) means and shall be construed as acting with the authority or knowledge of any one or more of the directors of the Contractor or sub-contractor (as the case may be).
- 15.4. Notwithstanding Clause 15.5 to 15.7 (inclusive), if a Prohibited Act is committed by the Contractor or an employee of the Contractor not acting independently of the Contractor, then the Authority may terminate this Contract by the Authority's Authorised Representative giving notice to the Contractor.
- 15.5. If the Prohibited Act is committed by an employee of the Contractor acting independently of the Contractor, then the Authority may notify the Contractor of termination and this Contract shall terminate, unless within 20 (twenty) Business Days of receipt of such notice the Contractor terminates the employee's employment and (if necessary) procures the performance of such part of the Services by another person.
- 15.6. If the Prohibited Act is committed by a sub-contractor (of whatever tier) or by an employee of such person not acting independently of that sub-contractor, then the Authority's Authorised Representative may notify the Contractor of termination and this Contract shall terminate, unless within 20 (twenty) Business Days of receipt of such notice the Contractor terminates the relevant appointment and procures the performance of such part of the services by another person.
- 15.7. If the Prohibited Act is committed by an employee of a sub-contractor (of whatever tier) acting independently of that person, then the Authority may notify the Contractor of termination and this Contract shall terminate, unless within 20 (twenty) Business Days of receipt of such notice the sub-contractor terminates the employee's employment and (if necessary) procures the performance of such part of the Services by another person.
- 15.8. If the Prohibited Act is committed by any other persons not specified in Clauses 15.5 to 15.7 (inclusive), the Authority's Authorised Representative may notify the Contractor of termination and this Contract may terminate, unless within 20 (twenty) Business Days of receipt of such notice the Contractor procures the termination of such person's employment and the appointment of their employer (where not employed by the Contractor or any of the sub-

contractors) and (if necessary) procures the performance of such part of the Services by another person.

- 15.9. If any right to terminate this Contract is exercised under these Clauses 15.1 to 14.8, the Parties shall comply with the provisions of Clause 17 (Financial Consequences of Termination).

16. Authority Voluntary Termination Right

- 16.1. The Authority shall have the right to terminate this Contract voluntarily in accordance with the provisions of DEFCON 656B (Termination for Convenience (Contracts under £5M)).

17. Financial Consequences of Termination

- 17.1. Where the Authority has terminated this Contract under Condition 14 (Termination for Contractor Default) and without prejudice to the aforesaid the Authority may appoint an alternative contractor to perform, or itself perform all or any of the Services as respects which this Contract is so terminated.
- 17.2. Where Clause 17.1 applies, the Authority shall be entitled to recover from the Contractor the amount by which the aggregate of the cost of performing the Services in this way and of the value of any articles allocated as aforesaid exceeds the amount which would have been payable to the Contractor in respect of all the Services or articles so replaced if they have been delivered or performed in accordance with the Contract.
- 17.3. Where this Contract is terminated pursuant to Condition 14 (Termination for Contractor Default), the provisions of Clauses 17.4 to 17.5 shall apply, except where such termination arises as a result of the circumstances referred to in Clause 14.2.3, in which case the Contractor shall not be entitled to any further payment from the Authority.
- 17.4. Where Clause 17.3 applies, the Contractor shall be entitled to be paid (subject to any other provision of this Contract affecting the level of such payment) for the Services and the Contract Deliverables provided to the Authority up to the date of termination as set out in the following:
- 17.4.1. the Summary of Requirements (Schedule 1);
 - 17.4.2. the Statement of Technical Requirement (Schedule 2);
 - 17.4.3. MOD Boats Form 2010A to Schedule 5B (Take-On Take-Off and Acceptance – Type B) or MOD Boats Form 2010A to Schedule 5C (Take-On Take Off and Acceptance – Type A);
 - 17.4.4. MOD Boats Form 2020 (Non-Upkeep Record) to Schedule 5A (Multi-Task Authorisation Form / Work Request Form).
 - 17.4.5. MOD Boats Form 1020 (Work Request Form) to Schedule 5A (Multi-Task Authorisation Form / Work Request Form).
- 17.5. During the relevant Exit Period for Termination, the Parties shall comply with their respective obligations pursuant to Condition 53 (Exit).

18. Authority Step In

Interpretation