



Ministry  
of Defence



# **Large Boat Aerial Delivery**

## **Draft Contract Schedule 5 (Pricing and Payment)**

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**PRICING & PAYMENT**

1. This Schedule sets out the Contract Prices agreed for delivering the Contractor Deliverables and Services and the conditions governing the payment of such Charges to the Contractor.
2. Part 1 (Pricing) of this Schedule defines the Prices agreed for each of the Contractor Deliverables and Services
3. Part 2 (Payment) of this Schedule defines the conditions that govern the payment of such Prices to the Contractor.

**PART 1 - PRICING****1. Equipment (SOR Item Nos 1.1 – 1.11)**

- 1.1. The Prices for the Contractor Deliverables detailed within Schedule of Requirements Items 1.1 to 1.11 are Firm Price and are not subject to variation.
- 1.2. The Firm Prices recorded pursuant to Condition 1.1 are assigned to individual Milestones as detailed within Appendix 2 (Payment Plan) of this Schedule 5.

**2. Equipment Options (SOR Item Nos 1.12 – 1.15)**

- 2.1. The Prices for the Contractor Deliverables detailed within Schedule of Requirements Items 1.12 to 1.15 shall be as follows:
  - 2.1.1. For Contract Year 1 to Contract Year 4 the Prices shall be Firm Price in Pounds (GBP) and are not subject to variation; and
  - 2.1.2. For Contract Year 5 and each subsequent Contract Year shall be a Fixed Price in Pounds (GBP) and subject to adjustment in accordance with Appendix 1 (Variation of Price) of this Schedule 5.
- 2.2. The Prices pursuant to Clause 2.1 are assigned to individual Milestones as detailed within Appendix 2 (Payment Plan) of this Schedule 5.

**3. Flight Trials Support (SOR Item No 2)**

- 3.1. The Prices for Schedule of Requirement Item No. 2 of the Contract for the Flight Trial Support shall be Firm Prices in UK Pounds Sterling (GBP).
- 3.2. The individual Firm Prices for Flight Trial 1 and Flight Trial 2 shall be as recorded within Appendix 2 (Payment Plan) of this Schedule 5.

**4. Supporting Documentation / Services Requirements (SOR Item No. 3)**

- 4.1. The Prices for Schedule of Requirement Item No. 3 of the Contract for the Supporting Documentation / Services Requirements shall be as follows:
  - 4.1.1. For Contract Year 1 to Contract Year 4 the Prices shall be Firm Price in Pounds (GBP) and are not subject to variation; and
  - 4.1.2. For Contract Year 5 and each subsequent Contract Year shall be a Fixed Price in Pounds (GBP) and subject to adjustment in accordance with Appendix 1 (Variation of Price) of this Schedule 5.

**5. Technical Services (SOR Item No. 4)**

- 5.1. The Firm Prices for all Technical Services duly authorised by the Authority under Schedule of Requirement Item Nos. 4.1 to 4.3 of the Contract is to be calculated by reference to the following pricing mechanism:
  - 5.1.1. the actual hours statement submitted by the Contractor to complete the Technical Service in accordance with the Contract. Such actual hours statement shall be certified by a duly authorised representative of the Contractor;

- 5.1.2. the hourly labour rates set out within Table 3 of Appendix 2 to this Schedule 5;

shall be used to calculate the Firm Price for each duly authorised Technical Service.

- 5.2. The aggregate value of all Firm Prices agreed pursuant to Condition 5.1 shall not exceed the relevant Maximum Price recorded within the Schedule of Requirements.

**6. Repair and Maintenance (SOR Item No. 4.4)**

- 6.1. Prices for Schedule of Requirement Item No. 4.4 of the Contract for Maintenance and Repair Services shall be priced in accordance with the Emergent Work procedure detailed within Condition 7 of this Schedule 5.

**7. Emergent Work (SOR Item No. 5)**

- 7.1. Prices for Emergent Work Requests authorised under Schedule of Requirement Item No. 5 shall be agreed by the Parties on an ad-hoc basis in accordance with the procedure set out in Condition 27 of the Terms and Conditions and shall be recorded and evidenced by the execution of Parts 1, 2, and 3 to the Task Authorisation Form;
- 7.2. All Emergent Work Requests shall be Firm Price in Pounds (GBP);
- 7.3. For the purposes of agreeing the price of any Emerging Work Requests, the Rates as set out within Appendix 2 (Payment Plan) to this Schedule 5 shall be utilised to calculate the Contractor's proposed costs for the relevant Emergent Work Request for consideration by the Authority.

**8. Contract Extension Options – SOR Item No. 6.1 and 6.2**

- 8.1. The Prices for the Contract Extension Options in accordance with Schedule of Requirement Item Nos. 6.1 and/or 6.2 shall be Fixed Price. In the event the Authority exercises such Options pursuant to Condition 7 (Options) of the Contract, the Prices for Schedule of Requirement Item Nos. 6.1 and/or 6.2 shall be subject to adjustment in accordance with Appendix 1 (Variation of Price) of this Schedule 5.

**9. Provision of Additional Spares (SOR Item No. 7)**

- 9.1. The Prices for additional Spares delivered in accordance with Schedule of Requirement Item No 7 shall be Firm Price (not subject to variation) for Contract Year 1 to Contract Year 4. The Firm Prices for each Spare are detailed within Schedule 11 (Spares Price List) of the Contract.

**10. Labour and Travel & Subsistence (T&S) Rates**

- 10.1. The Labour and Travel & Subsistence (T&S) Rates set out in Appendix 2 (Payment Plan) to this Schedule 5 shall be:
- 10.1.1. Firm for Contract Years 1 to Contract Year 4 and not subject to variation; and
- 10.1.2. Fixed Price for Contract Year 5 and each subsequent Contract Year and subject to adjustment in accordance with Appendix 1 (Variation of Price) of this Schedule 5.

**11. Warranty Options**

- | 11.1. The Prices for the Warranty Option in accordance with Schedule of Requirements [s](#) Item No 8 shall be Firm Price.

**PART 2 - PAYMENT****12. Payment**

- 12.1. The Contractor shall submit claims for payment in accordance with the provisions of this Part 2 (Payment) of Schedule 5, DEFCON 522 (Payment and Recovery of Sums Due), and the Payment Plan as set out in Appendix 2 of this Schedule 5.

**13. Milestone Payments (Table 1 Payment Plan)**

- 13.1. The Prices for Schedule of Requirement Item Nos 1.1 to 1.15 shall be paid against Milestone Payments in accordance with the provisions of this Condition 13.
- 13.2. Milestone Payments may be claimed by the Contractor on or after the date the Milestone has been formally Accepted by the Authority's Project Manager in accordance with the provisions of Schedule 12 (Acceptance Plan).
- 13.3. The Contractor shall be entitled to submit a claim for payment in respect of the relevant Milestone Payment pursuant to this Condition 13 provided that:
- 13.3.1. The Authority is satisfied that the Contractor has fully completed all work required in respect of the relevant Milestone in accordance with this Contract (including Schedule 12 (Acceptance Plan) and the Contractor has provided full evidence to the Authority that he has met the relevant Payment Acceptance Criteria as set out in Schedule 12 (Acceptance Plan); and
- 13.3.2. The Contractor shall deliver to the Authority appropriate and full evidence to demonstrate achievement of each Milestone, on the relevant dates for delivery of the relevant Milestone as set out and detailed in the Milestone Payment Plan; and
- 13.3.3. Following the Authority's formal acceptance of a completed Milestone (evidenced by written notice from the Authority to the Contractor), the Contractor shall be entitled to deliver an invoice to the Authority in respect of the Milestone Payment; and
- 13.3.4. Each Milestone is unique, and payment of a Milestone Payment by the Authority shall be without prejudice to any and all of the Authority's rights under the Contract. No payment by the Authority following acceptance by the Authority of any Payment Acceptance Criteria shall constitute, or be deemed to constitute, acceptance by the Authority that any Item or Milestone complies with the requirements of the Contract.
- 13.3.5. Any claims for the Milestone payments detailed in Table 1 below shall be adjusted to reflect the applicable Milestone payment retention withhold detailed within the Acceptance Criteria for Schedule of Requirement Item Nos 1.3, 1.4, 1.6 and 1.7 pending the Contractor's achievement of the Initial Design Acceptance Review (IDAR) and Final Design Acceptance Review (FDAR).

<b>Milestone Payment Number</b>	<b>Contractor Deliverable</b>	<b>Exit Criteria</b>
MPP 5	Tranche 1	Initial Design Acceptance Review



<b>Milestone Payment Number</b>	<b>Contractor Deliverable</b>	<b>Exit Criteria</b>
MPP 6	Air Drop Payload Covers 1	Initial Design Acceptance Review
MPP 11	Tranche 1	Final Design Acceptance Review
MPP 12	Air Drop Payload Covers 1	Final Design Acceptance Review
MPP 13	Option 1b - Tranche 2	Final Design Acceptance Review
MPP 14	Option 1c - Air Drop Payload Covers 2	Final Design Acceptance Review

Table 1 - Milestone Payment Retention

- 13.3.6. Payment of Milestone payment retentions pursuant to Clause 13.3.5 may be claimed by the Contractor upon written confirmation by the Authority that the Contractor has achieved the relevant Initial Design Acceptance Review or Final Design Acceptance Review.

#### **14. Flight Trial Support (Table 2 Payment Plan)**

- 14.1. The Contractor shall be entitled to submit an invoice for full payment of the Firm Price detailed within Table 2 of Appendix 2 to this Schedule 5 upon completion of the Flight Trials in accordance Schedule of Requirement Item No. 2.

#### **15. Services Payment (Table 3 Payment Plan)**

- 15.1. Payment for Services provided under Schedule of Requirements Item Nos. 3, 6.1 and 6.2 shall be made quarterly in arrears in accordance with Table 3 of this Appendix 2. The first Quarterly Invoice shall be in respect of the period which commences on the first day of the Contract Period, continuing for the remaining days in that calendar month and for the next two whole calendar months.
- 15.2. For any claims for payment submitted pursuant to Clause 15.1, the Contractor shall submit an invoice reflecting the payment value for the relevant quarter being claimed. Such payment value shall be adjusted to reflect:
- 15.2.1. any Temporary Payment Withhold, any Permanent Payment Retention and any other deductions determined in accordance with Schedule 9 (Performance Management) of this Contract; and
  - 15.2.2. any additional sums due to the Contractor in respect of any Temporary Payment Withhold properly claimed by the Contractor in accordance with the provisions of Schedule 9 (Performance Management);
  - 15.2.3. Within a period ending 40 Business Days commencing on the date the last Service Payment is due, the Parties shall conduct a final Service Payment reconciliation. Such reconciliation shall take account of any Temporary Payment Withhold, any Permanent Payment Retention, and any other adjustments permitted in accordance with this Contract, to determine the final Service Payment to be claimed by the Contractor;
  - 15.2.4. The final Service Payment agreed by the Parties pursuant to Clause 15.2.3 shall be implemented by amending the relevant final Service Payment within Table 3 of Appendix 2 of this Schedule via an Amendment to Contract to reflect the agreed final Service Payment;

15.2.5. For the avoidance of doubt, the relevant final Service Payment shall not be claimable by the Contractor until such time as the Amendment to Contract has been agreed in accordance with Clause 15.2.3;

15.2.6. In the event that final Service Payment is an amount less than the value of the relevant final Service Payment resulting in over payment to the Contractor, the Contractor shall reimburse the Authority an amount equal to the over payment value. Such reimbursement shall be paid by the Contractor to the Authority within 20 Business Days of receipt of a [valid Authority](#) invoice.

## **16. Technical Services (SOR Item No. 4.1 to 4.3)**

16.1. Payment of all Technical Services priced pursuant to Condition 5 of Part 1 of this Schedule 5 shall be claimed by the Contractor upon completion as evidence by Authority acceptance of the Contract Tasking Report in which completion of the Technical Services is reported by the Contractor.

16.2. The aggregate value of all payments of Technical Services pursuant to Clause 16.1 shall not exceed the relevant Maximum Price recorded within the Schedule of Requirements.

## **17. Maintenance and Repair Service (SOR Item No. 4.4)**

17.1. Payment of all Maintenance and Repair tasks authorised pursuant to Condition 6 of Part 1 of this Schedule 5 shall be claimed by the Contractor upon completion as evidence by Authority acceptance of the Emergent Work Request form, unless alternative payment arrangements are recorded in the Emergent Work Request, in which case those alternative payments arrangements shall apply.

## **18. Emergent Work (SOR Item No. 5)**

18.1. Payment for all Emergent Work Requests duly authorised in accordance with Schedule of Requirements Item No. 5 shall be claimable by the Contractor upon completion as evidence by issuance by the Contractor to the Authority of a duly completed [and signed](#) Part D to the Task Authorisation Form for the relevant Emergent Work Request.

## **19. Additional Spares (SOR Item No. 7)**

19.1. Payment of additional Spares procurement orders duly authorised in accordance with Schedule of Requirement Item No. 7 shall be paid upon Delivery.

## **20. Warranty Options (SOR Item No. 8)**

~~19.4.~~20.1. Payment for the Warranty Options duly authorised by the Authority under Schedule of Requirements Item No. 8 shall be paid quarterly in arrears in line with Service Payments detailed within Condition 15 of this Part 2 and Table 3 of this Appendix 2. The annual value of the Warranty Option shall be allocated equally to each payment quarter.

## Appendix 1 – Variation of Price (VOP)

1. The Prices identified within the Schedule of Requirements as being "Fixed" Price shall be subject to adjustment by way of indexation in accordance with this Appendix 1 to Schedule 5. Such Prices are fixed at 2023 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. Table 1 (Indices Tables) below details the indices to be used in the variation of price calculation for the relevant Item of the Schedule of Requirements or item of cost:

SOR Item No.	Index	Description
1.14 and 1.15.	G6T3	Fabricated Metal Products, Except Machinery and Equipment for Domestic Market
3, 6.1 and 6.2.	HQTI	Top Level SPPI, Sections H to U excl. Section K
1.12 and 1.13.	G6SN	Textiles for Domestic Market
Labour and T&S Rates	HQTI	Top Level SPPI, Sections H to U excl. Section K.

Table 1 – Indices Table

O<sub>0</sub> represents the average OUTPUT Price Index figure for the base period (the base period being the 12-month average of the Output Price Index prior to the Effective Date);

O<sub>i</sub> represents the 12-month average OUTPUT Price Index figure for the 12-month period prior to the payment date;

a represents the VOP Non-Variable Element (NVE);

b represents the VOP Variable Element;

a+b=1.

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

PPI INDEX OUTPUT DOMESTIC - C25 Fabricated metal products, except machinery and equipment; or

Top Level SPPI, Sections H to U excl. Section K; or

PPI INDEX OUTPUT DOMESTIC – C13 Textiles.

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 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.
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. Any claims for payment under this Condition 1 shall be submitted to the Bill Paying Branch, certified to the effect that the "requirements of this Condition 1 of this Appendix 1 to Schedule 5 (Pricing) have been met.

**Appendix 2 – Payment Plan**

1. Where indicated within Part 2 of this Schedule 5, the Contract Prices shall be paid to the Contractor in accordance with the Payment Plans as set out within the following Tables structured as follows:

Table Number	Payment Plan
Table 1	Milestones.
Table 2	Flight Trial Support.
Table 3	Services.
Table 4	Labour Rates.
Table 5	T&S Rates.

**TABLE 1– MILESTONES**

[To be populated at Contract Award using Tender Deliverable xx]

**TABLE 2 – FLIGHT TRIAL SUPPORT**

[To be populated at Contract Award using Tender Deliverable xx]

**TABLE 3 – SERVICES**

[To be populated at Contract Award using Tender Deliverable **xx**]



**TABLE 4 – LABOUR RATES**

[To be populated at Contract Award using Tender Deliverable xx]

**TABLE 5 – T&S RATES**

[To be populated at Contract Award using Tender Deliverable xx]