

# ORDER

ORDER NO: <b>SER/o68o</b>	Date of Order: <b>17 May 2017</b>
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*(To be quoted on all correspondence relating to this Order)*

<p><b>FROM (Customer):</b></p> <p>Water Services Regulation Authority          Centre City Tower          7 Hill Street          Birmingham          B5 4UA</p> <p>Customer's representative: Robert Thorp</p> <p>T: +44 (0) 121 644 7500          DDI: +44 (0) 121 644 7543          E: <a href="mailto:robert.thorp@ofwat.gsi.gov.uk">robert.thorp@ofwat.gsi.gov.uk</a></p>	<p><b>TO (Contractor):</b></p> <p>F1F9 UK Ltd          149 Church Road          Bath          BA2 5JN</p> <p>Contractor's representative: <span style="background-color: black; color: black;">[REDACTED]</span></p> <p><span style="background-color: black; color: black;">[REDACTED]</span></p>
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<p><b>SERVICES TO BE DELIVERED TO:</b></p> <p>Where necessary, as above and/or Ofwat London Office</p>	<p><b>INVOICE ADDRESS:</b></p> <p><a href="mailto:finance@ofwat.gsi.gov.uk">finance@ofwat.gsi.gov.uk</a></p> <p>or</p> <p>Finance Team          Water Services Regulation Authority          Centre City Tower          7 Hill Street          Birmingham          B4 5UA</p>
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Any Contract arising from this Order shall be governed by the Call-Off Terms and Conditions as set out in the Ofgem Framework Agreement for Economic, Financial and Related Consultancy Services, between the Gas and Electricity Markets Authority and **F1F9 UK Limited** effective from 1 September 2015; the Customer's Invitation to provide a Proposal, dated 20 April 2017, the Contractor's Proposal dated 4 May 2017 and any enhancements thereto and provisions expressly listed herein.

## Service Category

Pan-Regulators' Framework for Economic, Financial & Related Consultancy Services. Sub Lot: 4J Financial Modelling (UK & International)

## Contract Period

The Commencement Date shall be 22 May 2017.

The expiry date is 31 March 2018; unless extended or terminated earlier in accordance with the Contract.

## **Description of Services Requirement:**

### **Call off Agreement for financial modelling Services (PROC.01.0560)**

This Services Order seeks to aggregate smaller, typically low value work under a single Service Order reference in order to facilitate invoicing and payment for Services rendered, and the measurement and provision of management information. The scope of work covers any developments of the financial model and related models; which may include but is not limited to:

- Amendments to calculations in response to queries and issues raised by KPMG in their recent external review of the financial model.
- Adding functionality to the model to deal with direct procurement for customers and Thames Tideway. Ofwat's current thinking is that this may best be done by adding another wholesale control to the model.
- Updating the model time bar and inputs to reflect a price review period starting April 2020 rather than April 2015.
- Amending the model inputs and outputs to ensure they are consistent with the PR19 data tables that Ofwat is currently developing.
- Add additional outputs and reports to the model to meet the needs of internal and external stakeholders
- Replacing the PR09 legacy items with the revenue items from the PR14 reconciliation rulebook (including updating the tax calculations to reflect their correct tax treatment).
- Ensuring that the model calculations reflect Ofwat's final policy decisions on the form of control for each price control.
- Maintain written documentation of the model.
- Knowledge transfer to internal staff.
- Provide additional modelling support as requested and instructed.

### **Value Added Services**

The Contractor will provide the following services:

- Hosting workshops free of charge, as required to help to spread the message of modelling standardisation both with Ofwat and across the water sector.
- Provide free access to their online training material, to further support modelling capability building for additional 10 Ofwat staff and will provide free access to this material to representative of each of the water and water and sewerage companies.
- Provide ofwat employee access to F1F9 Academy. The academy is a support forum where their modelling team are available free of charge to answer Excel/general financial modelling questions.

The Contract governs the overall relationship of the Parties with respect to the provision of Services. It is not an exclusive arrangement for the provision of services and the Customer reserves the right to invite competing bids and/or place orders elsewhere for other, the same or complementing services during the Contract Period.

The Customer is entitled (but not required) at any time during the Contract Period to call-off Services from the Contractor in accordance with the arrangements set out below. The Contractor shall not provide (and shall not be entitled to charge for) any Services until such Services are ordered by the Customer in accordance with such procedure.

## **Call off of Services**

Contract Services may be engaged by the Customer's Project Manager contacting the Contractor and quoting the Services Order number (SER/o68o). Work may be given by letter, by email, by telephone or face to face. On receipt of a work from the Customer the Contractor will complete a "Confirmation of work" and will forward this to the Customer.

The Confirmation of Work shall be in a form and manner to be agreed by the Customer and the Contractor. The Contractor shall include in the Confirmation of Work Package at least the following information:

- Scope and deliverables/services;
- Delivery personnel;
- Timetable; and
- Time inputs and costs estimate.

The Confirmation of Work and this Order, together with the Schedule 5 Call off Terms for the provision of Economic, Financial and Related Consultancy Services will form the contractual basis on which the Services will be provided in relation to each work package.

The agreed cost estimate for each Confirmation of Work will be the capped price payable by the Customer for the Services under that Confirmation of Work and will only be exceeded by agreement between the Parties. Such agreement will only be given by the Customer where cost overruns have arisen as a result of the work involved being over and above that reasonably anticipated prior to the Customer's approval to commence work under the relevant Confirmation of Instructions. Where the resource costs incurred by the Contractor performing the Services falls below the quotation for each call-off, the Contractor shall invoice the Customer for the actual value of the Services according to the charging structure and daily charge rates described below.

The Deliverables which satisfactorily address any points raised by the Customer and their acceptance by the Customer will signify successful completion of the work.

## **Alternative Clause**

The following alternative clause will be applicable to this Contract Services:

### **Limitation of Liability**

7.1.3. Subject always to Clause 7.1.1 and Clause 7.1.4, the liability of either Party for Defaults shall be subject to the following financial limits:-

7.1.3.1 the aggregate liability of either Party for all Defaults resulting in direct loss of or damage to the property of the other under or in connection with the Contract shall in no event exceed one hundred and thirty five thousand pounds (£135,000) ; and

7.1.3.2 the annual aggregate liability under the Contract of either Party for all Defaults shall in no event exceed the greater of one hundred and thirty five thousand pounds (£135,000 or 125% of the Contract Price payable by the Customer to the Contractor in the year in which the liability arises.

#### **Baseline Personnel Security Standard**

5.13.1 The Contractor hereby warrants that it shall, or shall procure that its agent shall, carry out the checks specified in "HMG Baseline Personnel Security Standard" (the "**Baseline Standard**") in respect of each person assigned to access premises, property or information belonging to the Customer (the "**assignee**").

5.13.2 Such checks shall be completed within **one (1)** Months of the date hereof and the Contractor shall, within that period, notify the Customer of the results of the checks and demonstrate that the checks have been carried out satisfactorily.

5.13.3 In the event that the results of any of the checks are not satisfactory, the Contractor shall:-

5.13.3.1 notify the Customer immediately;

5.13.3.2 withdraw the assignee from the service provision as soon as is reasonably practicable, at no penalty to the Customer; and

5.13.3.3 propose a replacement person with skills and expertise at least as good as those of the original assignee.

5.13.4 Where the Customer agrees to the replacement assignee proposed pursuant to Clause 5.13.3.3. it shall notify the Contractor. The Contractor shall carry out the Baseline Standard checks in respect of the replacement assignee within one (1) Months of the date of the date of the notice issued by the Customer in accordance with this Clause 5.13.4 and the Contractor shall, within that period, notify the Customer of the results of the checks and demonstrate that the checks have been carried out satisfactorily.

5.13.5 In the event that the results of any of the checks in respect of a replacement assignee are not satisfactory, the Contractor shall notify the Customer immediately and withdraw the assignee from the service provision as soon as is reasonably practicable, at no penalty to the Customer. The Customer may then elect to require the Contractor to propose a further replacement person with skills and expertise at least as good as those of the original assignee or terminate the Contract at no charge to the Customer.

5.13.6 The Contractor shall document full and accurate records of the Baseline Standard checks, such that the Customer (or its authorised agents) may verify that the Contractor has carried out such checks in accordance with the Baseline Standard.

5.13.7 Subject to legal requirements in respect of confidentiality the Contractor shall grant to the Customer (or its authorised agents) the right of reasonable access to all its records of Baseline Standards checks and shall provide all reasonable assistance at all times for the purposes of carrying out an audit of the Contractor's compliance with the Baseline Standard.

## Contract Cap and Charges per Working Day

The Customer's spend under this Services Order is restricted to **maximum** of £75,000 ("the Cap").

All costs are all inclusive with the sole exceptions of:

- Disbursement for travel and accommodation expenses;
- Value Added Tax.

The Customer will not pay for:

- Any items which it regards as part of the Supplier's overheads (for example; word-processing, secretarial time, cost of faxes and telephone charges);
- Any expenses not authorised in advance by the Customer's project manager;
- Travelling time unless the Customer's project manager has authorised in advance the payment of travelling time.

The table below provides the Charges per Working Day for the Key Personnel involved in the performance of the Services.

Framework Grade	Charges per hour rate (£)	Charges per daily rate* (£)
Partner/Director	£150.00	£1,200
Principal Consultant	£90.00	£720
Senior Consultant	£70.00	£560

\*A Working Day is based on 8 hours

Any travel and accommodation must be in accordance with Ofwat's standard travel and accommodation rates as attached at Appendix A (rates are subject to changes, the Customer will advise the Contractor of any changes. Changes is become applicable 30 days after the Contractor is advised of such changes.as updated and amended from time to time). Travel and accommodation required in connection with the provision of the Call-Off Agreement will be reimbursed on acceptance of receipts and where appropriate a mileage log.

## Key Deliverables

Any Deliverables required and Deliverable dates will be agreed between the Customer and the Supplier in advance and may be verbal or written. It may also include the attendance at workshops, meetings and Ofwat's delivery boards.

## Invoicing and Payment

Payment will be due upon Acceptance by the Customer of the Deliverables in accordance Clause 3 of the schedule 5 Call off terms.

All invoices shall contain the following information:

- the Order number (as stated above);
- a summary of the Services; and
- the line value; total value excluding Value Added Tax (VAT), the VAT percentage and total value including VAT.

The Customer shall pay the Contractor within thirty (30) calendar days of receipt of a valid invoice, submitted in accordance with the payment profile set out above and the provisions of this Contract.

*Invoices must not contain the Contractor's terms and conditions, nor can reference be made to the Contractor's terms and conditions. Invoices with the Contractor's terms and conditions printed on them or referred to therein will not be accepted by the Customer.*

## Contractor's Key Personnel



## Variation to Contract

Any amendments to the Contract must be **agreed in writing** in accordance with the provisions of the Variation Form at Appendix 1 of the Schedule 5 – Call off Terms and Conditions.

## Subcontractors

Subcontractors **F1F9 India Pvt Ltd** will be used in the delivery of the Services. F1F9 UK will be accountable for the subcontractors in the delivery of the Services.

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## Formation of Call Off Contract

BY SIGNING AND RETURNING THIS ORDER FORM THE CONTRACTOR AGREES to enter into a legally binding Contract with the Customer to provide to the Customer the Services specified in the Order Requirements set out in this Order Form incorporating the rights and obligations in the Call-Off Terms and Conditions set out in the Framework Agreement entered into by the Contractor and the Gas and Electricity Markets Authority effective from 1 September 2015.

The Contractor acknowledge all information with be managed in accordance with Part 2 – Call-Off Terms, Clause 5.8 - Freedom of Information.

The Parties hereby acknowledge and agree that they have read the Order Form and by signing below agree to be bound by this Contract.

**For and on behalf of the Contractor:**

<b>Name</b>	[REDACTED]
<b>Position</b>	[REDACTED]
<b>Signature</b>	[REDACTED]
<b>Date</b>	19 May 2017

**For and on behalf of the Customer:**

<b>Name</b>	Robert Thorp
<b>Position</b>	Principal/ Project Manager
<b>Signature</b>	[REDACTED]
<b>Date</b>	19 May 2017

## Appendix A –Ofwat’s Travel and Accommodation rates

### Accommodation:

Paid on actual expenditure within the following prescribed ceilings:

London	£165
Elsewhere	£115
Private residence	£25

These rates cover a 24 hour period for accommodation only, inclusive of VAT, receipts must be submitted.

### Mileage Rates:

25p per mile

A mileage log must be submitted (to/from, mileage/date, to see/purpose)

### Rail Travel

The actual cost of public transport (normally rail) may be reimbursed. Economy Class (second class) rail tickets should be purchased.