

## **PRICING FLUCTUATIONS**

### **1. DEFINITIONS**

The following terms used in this Schedule shall have the following meanings:

**"Indexation"** means the adjustment of an amount or sum in accordance with paragraph 6;

**"Indexation Adjustment Date"** has the meaning given to it in paragraph 6.2;

### **2. GENERAL PROVISIONS**

2.1 The Framework Prices set out in the Framework Proposal are the maximum that the Supplier Alliance Member may charge pursuant to any Project Contract.

2.2 The Supplier Alliance Member acknowledges and agrees that any prices submitted in relation to a Project Brief shall be equal to or lower than the Framework Prices.

2.3 The Supplier Alliance Member acknowledges and agrees that the Framework Prices cannot be increased during the Framework Period other than in the situations described in paragraph 3.1.

### **3. ADJUSTMENT OF THE FRAMEWORK PRICES**

3.1 The Framework Prices shall only be varied:

3.1.1 due to a Specific Change in Law in relation to which the Alliance Members agree that a change is required to all or part of the Framework Prices in accordance with Clause 8.2 (Legislative Change);

3.1.2 where all or part of the Framework Prices are reviewed and reduced in accordance with Continuous Improvement and Benchmarking;

3.1.3 where all or part of the Framework Prices are reviewed and reduced in accordance with Supplier Alliance Member periodic assessment of Framework Prices; or

3.1.4 where Framework Prices or any component amounts or sums thereof are identified in paragraph 6 below as being subject to increase by way of Indexation.

3.2 the Framework Prices will remain fixed for the first two (2) Contract Years.

3.3 Percentage Fees, percentage additions (e.g. in respect of Overhead or Profit) and percentage adjustments (e.g. in respect of regional or complexity adjustments) shall remain fixed for the duration of the Framework Period and not subject to increase by way of indexation under any circumstances.

### **4. SUPPLIER ALLIANCE MEMBER PERIODIC ASSESSMENT OF FRAMEWORK PRICES**

Every six (6) Months during the Framework Period, the Supplier Alliance Member shall assess the level of the Framework Prices to consider whether it is able to reduce them. Such assessments by the Supplier Alliance Member shall be carried out on 1 June and 1 January in each Contract Year (or in the event that such dates do not, in any contract year, fall on a working day, on the next working day following such dates). To the extent that the

Supplier Alliance Member is able to decrease all or part of the Framework Prices it shall promptly notify the Client in writing and such reduction shall be implemented in accordance with paragraph 7.1.2 below.

## 6. INDEXATION

- 6.1 The following maximum Framework Prices are subject to increase by way of Indexation:
  - 6.1.1 hourly rates in respect of Management & Staff, Designers and Site Labour (Lots 1 – 10)
  - 6.1.2 hourly and daily rates in respect of Construction Management staff (Lot 11)
  - 6.1.3 mobilisation, demobilisation and weekly charges in respect of Common Site Facilities and Services (Lot 11)
  - 6.1.4 for the avoidance of doubt, any Framework Prices not specifically listed in this paragraph 6.1. shall remain fixed for the duration of the Framework Period and shall not be subject to increase, by way of indexation or otherwise, under any circumstances.
- 6.2 Where the Framework Prices are identified in paragraph 6.1 as being subject to increase by way of Indexation, the following provisions shall apply:
  - 6.2.1 all Framework Prices will remain fixed for the first two (2) Contract Years.
  - 6.2.2 the first Indexation Adjustment Date shall be two Contract Years after the Framework Commencement Date.
  - 6.2.3 subsequent Indexation Adjustment Date(s) shall be at the expiry of each subsequent Contract Year.
  - 6.2.4 the Indexation adjustment shall be determined by multiplying the relevant Framework Price by the percentage increase or decrease in the Consumer Price Index (CPI) published for the twelve (12) months ended on the month immediately preceding the relevant Indexation Adjustment Date, as per the following formula:

First Indexation Adjustment Date = January 2021  
CPI – December 2020 = 117.9  
CPI – December 2019 = 115.2  
Example Framework Price = Carpenter - £15.00/hour

Indexation adjusted Framework Price =  $15.00 \times (117.9/115.2) =$   
£15.35/hour

CPI Index data is published monthly by the Office for National Statistics ([www.ons.gov.uk](http://www.ons.gov.uk)).

- 6.2.5 where the published CPI Index figure at the relevant Indexation Adjustment Date is stated to be a provisional figure or is subsequently amended, that figure shall apply as ultimately confirmed or amended unless the Client and the Supplier Alliance Member shall agree otherwise.
- 6.2.6 if the CPI Index is no longer published, the Client and the Supplier Alliance Member shall agree a fair and reasonable adjustment to that index (taking account of relevant contemporary data) or, if appropriate, shall agree a

revised formula that in either event will have substantially the same effect as that specified.

- 6.2.7 For the avoidance of doubt, except as set out in this Paragraph 6, neither the Framework Prices nor any other costs, expenses, fees or charges shall be adjusted to take account of any inflation, change to exchange rate, change to interest rate or any other factor or element which might otherwise increase the cost to the Supplier Alliance Member or Supply Chain members of the performance of their obligations and any Project Contract Agreements.

## **7. IMPLEMENTATION OF ADJUSTED FRAMEWORK PRICES**

Variations in accordance with the provisions of this Schedule 12 to all or part of the Framework Prices (as the case may be) shall be made by the Client to take effect:

7.1.1 in accordance with Clause 8.2 (Legislative Change) where an adjustment to the Framework Prices is made in the Framework Brief;

7.1.2 on 1 July for assessments made on 1 June and on 1 February for assessments made on 1 January where an adjustment to the Framework Prices is made;

7.1.3 on the review adjustment date where an adjustment to the Framework Prices is made;

or

7.1.4 on the Indexation Adjustment Date where an adjustment to the Framework Prices and the Alliance Members shall amend the Framework Prices to reflect such variations.

## **8. CHARGES UNDER PROJECT CONTRACT AGREEMENTS**

For the avoidance of doubt any change to the Framework Prices implemented pursuant to the Framework Alliance Contract are made independently of, and, subject always to the Framework Alliance Contract and shall not affect the Framework Prices payable by an Additional Client under a Project Contract in force at the time a change to the Framework Prices is implemented.

Any variation to the Framework Prices payable under a Project Contract must be agreed between the Supplier Alliance Member and the Additional Client and implemented in accordance with the provisions applicable to the Project Contract Agreement.

## **9. E-COMMERCE TRANSACTIONS WITH CENTRAL GOVERNMENT BODIES**

The Supplier Alliance Member acknowledges and agrees that the Government's wide strategy of 'Digital by Default' (<https://www.gov.uk/government/publications/government-digital-strategy>) endorses a commitment to implement e-commerce systems, including, for example, purchase-to-pay (P2P) automated systems, as the preferred transacting model for all Government's purchasing transactions.

The intent is to migrate, wherever practically possible, all Government's purchasing to an e-commerce environment.

The Supplier Alliance Member acknowledges and agrees that when contracting with Central Government Bodies, the latter may use a specific e-commerce application and the Supplier Alliance Member shall be required to comply with the relevant requirements set out by the

relevant Central Government Body in their Statement of Requirements during the Competitive Award Procedure and/or terms of the relevant Project Contract Agreement.