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|  | **DATED** | **202[•]** |  |
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|  | **THE SECRETARY OF STATE FOR**  **DEFENCE**  **and**  **[*SYSTEM INTEGRATOR* [LIMITED]]** | | (1)  **(2)** |
|  | **SCHEDULES 2 - 23**  **TIQUILA PROGRAMME**  **MINI-UNCREWED AIR SYSTEMS (MUAS) CONTRACT**  **UAS/00106** | |  |



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**Schedule 2 Summary Statement**

Schedule 2 has been removed from this contract because it contains sensitive information which could compromise National Security.

**1 Overall Context**

1.1 The TIQUILA Programme objective is to deliver Remotely Piloted Air System (RPAS) capability to provide Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) roles in Packable and Portable loads to be operated by military personnel in support of field operations.

1.2 The systems will have modular, interchangeable payloads to enable a variety of different roles to be undertaken with minimal time needed to change components.

1.3 New payloads and system upgrades will be constantly integrated over the 10-year project lifetime.

1.4 This delivery will be managed by a Systems Integrator working in conjunction with a flexible network of suppliers and manufacturers to meet developing demands and to keep pace with emergent technology and threats.

1.5 The solution/equipment provided must be evolving and modular and must be upgradeable in Forward Operating Base (“FOB”) workshops, with limited basic tools.

1.6 At the heart of the TIQUILA programme is a need to be scalable and flexible and this must be considered at all points.

**2 Single Statement of User Need (SSUN)**

2.1 The endorsed SSUN for TIQUILA is as follows:

There is a requirement for an organic, highly mobile, all environment ISTAR mRPAS capability, fitted with modular sensors, that provides the highest level of durability across the full spectrum of operations.

**3 Scope of Programme**

3.1 The TIQUILA programme has an initial lifespan of 10 years, but this may be extended if the strategic objectives have been met or exceeded.

3.2 The TIQUILA Programme is intended to expand into a Pan-Defence framework with the ability to integrate demands and requirements from all Front-Line Commands (FLCs).

* 1. **Schedule 3**
  2. System Integrator’s Proposals[[1]](#footnote-2)
     1. Part 1: System Integrator’s Solution
     2. Part 2: VVRM[[2]](#footnote-3)

1. 1. System Integrator Performance Mechanism
2. Introduction
   1. From the Effective Date, the System Integrator shall monitor its performance against each Key Performance Indicator and Performance Indicator detailed in this Schedule 4. There are 5 KPIs and 5 PIs used in this Contract.
   2. The KPIs and PIs that apply to the System Integrator’s performance are against the System Integrator Deliverables and/or the Services.
   3. Without prejudice to the Authority’s rights and remedies under this Contract, the Authority shall be entitled to:
      1. make Temporary Retentions and/or Permanent Retentions (as the case may be) for each KPI Failure against the Monthly Payment as set out in paragraph 3.6 of this Schedule 4; and/or
      2. award Service Failure Points for each KPI Failure and/or PI Failure.
   4. The System Integrator shall provide the calculations and evidence required by Annex 1 (*KPI and PI Table*) and Annex 2 (*Behaviours*) of this Schedule on the performance achieved against each KPI and PI. Such calculations and evidence shall be in sufficient detail to enable the Authority to consider the achievement of the Performance Criteria and whether it agrees with the System Integrator’s self-assessment of performance.
   5. The Parties agree that the level of retentions as set out in this Schedule are reasonable and proportionate to protect the Authority's interest in the System Integrator’s performance of the System Integrator Deliverables and/or the Services.
   6. Throughout the Contract Period, the Authority shall assess the appropriateness of each KPI and PI, and the Authority reserves the right to:
      1. instruct a change to any KPI and/or PI;
      2. to omit any KPI and/or PI; and/or
      3. to insert a new KPI and/or PI,

if the Authority considers (acting reasonably) that a more appropriate measure should be used to assess the performance of the System Integrator and the proposed change shall be implemented in accordance with Schedule 9 (*Change Procedure*).

1. KPI and PI Reporting

Monthly Performance Report and Monthly Performance Review Meeting

* 1. From the Effective Date, within five (5) Working Days after the end of each Contract Month the System Integrator shall submit to the Authority a Monthly Performance Report which summarises the performance by the System Integrator against each KPI and PI. The Monthly Performance Report shall be in such format set out in Schedule 6 (*Governance and Reporting*) (the “**Monthly Performance Report**”) and shall contain, as a minimum, the following information:
     1. for each KPI and PI, the actual performance achieved over the relevant Contract Month and that achieved in the previous Contract Month;
     2. a summary of all KPI Failures and PI Failures that occurred during the relevant Contract Month;
     3. a summary of any Repeat KPI Failures and Repeat PI Failures;
     4. the severity level of each KPI Failure and PI Failure which occurred during the relevant Contract Month;
     5. for any RED score occurring during the relevant Contract Month, the cause of the relevant RED score and the action being taken to reduce the likelihood of recurrence;
     6. details of any Moderations as agreed with the Authority and the impact of such Moderations (if any) on the System Integrator’s performance and the relevant KPIs and PIs;
     7. the status of any Rectification Plan;
     8. the number of Service Failure Points awarded in respect of each KPI Failure and PI Failure;
     9. the Retentions to be applied, indicating each KPI Failure to which the Retentions relate;
     10. the Retentions applied in respect of the previous Contract Month;
     11. any Temporary Retentions that the System Integrator considers should be paid to it and the reasons why;
     12. the assessments from the Authority Respondents in respect of the System Integrator Behaviours Questionnaire;
     13. for the relevant Contract Month, the Social Value Plan Report; and
     14. such other details as the Authority may reasonably require from time to time.
  2. The Monthly Performance Report will be discussed at each Monthly Performance Review Meeting with the aim of agreeing the contents of the Monthly Performance Report.
  3. The Parties shall attend the Monthly Performance Review Meeting as detailed in Schedule 6 (*Governance and Reporting*). Each Monthly Performance Review Meeting shall (unless otherwise agreed):
     1. take place within five (5) Working Days of the Monthly Performance Report being issued by the System Integrator to the Authority pursuant to paragraph 2.1 of this Schedule;
     2. take place at such location and time (within normal business hours) as the Authority shall reasonably require (unless otherwise agreed in advance); and
     3. be attended by the System Integrator Representative and the Authority Representative.
  4. At a Monthly Performance Review Meeting the Authority shall be entitled to raise any additional questions and/or request any further information from the System Integrator regarding any failure by the System Integrator to achieve the GREEN Performance Criteria for each KPI and PI.
  5. In the event that the Parties fail to agree the contents of the Monthly Performance Report at the Monthly Performance Review Meeting, within ten (10) Working Days (or such longer period as the Authority may decide) after the Monthly Performance Review Meeting (the “**Discussion Period**”), the System Integrator and Authority shall work together to agree a resolution. If after the expiry of the Discussion Period no agreement has been reached, the Authority reserves the right to determine the outcome and, it shall notify the System Integrator of its decision regarding the content of the Monthly Performance Report. Save for fraud and/or manifest error, the Authority’s decision is final and binding on the System Integrator. The Authority shall notify the System Integrator in writing of the decision within five (5) Working Days of the expiry of the Discussion Period.
  6. The System Integrator shall be responsible for managing and reporting on any sub-contract arrangements. Arrangements shall include mechanisms for the provision of management information, including feedback to and from customers and stakeholders, change control procedures and the prompt resolution of any problems.
  7. The Authority’s Representative may undertake routine checks and random verification audits of any Monthly Performance Report and the System Integrator shall provide all information, documents or records as may reasonably be requested by the Authority’s Representative to support any such activity.
  8. The System Integrator will be expected to improve continuously the quality of the provision of the System Integrator Deliverables and/or the Services including that delivered by its Sub-Contractors. Where there are Performance Failures, the System Integrator will be expected to have suitable internal escalation procedures in place to resolve this issue and, in respect of sub-contracted provision, take action where necessary to terminate the relevant Sub-Contract.

Reconciliation

* 1. As part of the Annual Performance Review Meeting, the Parties shall carry out a reconciliation of the System Integrator’s performance for the previous Contract Year.
  2. In the event that the Parties fail to agree the reconciliation at the Annual Performance Review Meeting, within twenty (20) Working Days (or such longer period as the Authority may decide) after the Annual Performance Review Meeting (the “**Annual Performance Review Discussion Period**”), the System Integrator and Authority shall work together to agree a resolution. If after the expiry of the Annual Performance Review Discussion Period no agreement has been reached, the Authority reserves the right to determine the outcome and, it will notify the System Integrator of its decision regarding the content of the Monthly Performance Report. Save for fraud and/or manifest error, its decision is final and binding on the System Integrator. The Authority shall notify the System Integrator in writing of the decision within five (5) Working Days of the expiry of the Annual Performance Review Discussion Period.
  3. Any amount which is agreed by the Parties as being due to or from the Authority as a result of the reconciliation carried out pursuant to paragraph 2.10 of this Schedule 4, shall be accounted for within sixty (60) Working Days following the Annual Performance Review Meeting.

Failure to provide a Monthly Performance Report

* 1. If the System Integrator fails to:
     1. provide a Monthly Performance Report to the Authority’s satisfaction with the content specified in, and within the timescale required by paragraph 2.1 of this Schedule 4 and the relevant requirements of Schedule 6 (*Governance and Reporting*); and/or
     2. attend a Monthly Performance Review Meeting,

for any Contract Month, the Authority shall be entitled to deem that all KPIs and PIs achieved a RED score for that Contract Month. Any deductions made by the Authority pursuant to this paragraph 2.12 shall be treated as a Permanent Retention for the purposes of this Contract.

Incorrect Reporting

* 1. Subject to paragraphs 2.15 to 2.16 of this Schedule 4, the Monthly Performance Report shall be the source of the factual information regarding the performance of the System Integrator Deliverables and/or the Services for the relevant Contract Month for the purposes of calculating the relevant Monthly Payment (including in calculating any Retentions and in assessing any other payments that may be due in the relevant Contract Month).
  2. If there is any error in or omission from the Monthly Performance Report for any Contract Month, the System Integrator and the Authority shall agree (through any subsequent Monthly Performance Review Meeting) the amendment to the Monthly Performance Report or, failing agreement within ten (10) Working Days of notification of the error or omission, the Authority reserves the right to determine the outcome and, save for fraud and/or manifest error, its decision is final and binding on the System Integrator.
  3. Where the System Integrator:
     1. fails to monitor or accurately report a performance failure; or
     2. fails to correctly calculate the Monthly Payment due for the relevant Contract Month (including, in calculating any Retentions and/or any other payments due for the relevant Contract Month),

then the System Integrator shall, at its own cost and following a request by the Authority, supply the Authority with a copy of all of its records in relation to the recording and monitoring of its performance of the System Integrator Deliverables and the calculation of the Monthly Payment on an open book basis and access to all information, processes and computer programs used to calculate the Monthly Payment so that the Authority can inspect and investigate such records. The System Integrator shall, upon submission of a valid invoice, pay to the Authority a sum equal to the costs reasonably incurred by the Authority in carrying out any inspection and/or investigation of records made available pursuant to this paragraph 2.15 and/or (at the Authority’s option) set-off such sum from the next payment to be made by the Authority to the System Integrator pursuant to this Contract.

* 1. In the event that the Authority's inspection or investigation of records made available pursuant to paragraph 2.15 of this Schedule 4 reveals any further matters of the type referred to in paragraph 2.15, those matters shall be dealt with in accordance with paragraph 2.14 or 2.15 (as the case may be). In addition, the Authority shall be entitled to:
     1. make Retentions and/or award Service Failure Points in respect of any KPIs or PIs for which a KPI Failure or PI Failure, or the severity of the KPI Failure or PI Failure should have been registered and reported by the System Integrator revealed by such inspection or investigation which did not previously attract any or the correct amount of Retention and/or Service Failure Points; and
     2. adjust the Monthly Payment to reflect the amount of the Monthly Payment which should, but for the occurrence of the matters referred to in paragraph 2.15, have been made,

and any such Retentions and/or adjustments shall be made from and/or applied to the Monthly Payment payable in each relevant Contract Month or, to the extent that the Authority is unable to make any further Retentions in that Contract Month, such Retentions may be carried forward and retained from any subsequent Monthly Payment.

1. General Measurement Principles of KPIs

Introduction

* 1. From the Effective Date, the System Integrator shall at all times provide the System Integrator Deliverables and/or Services to meet or exceed the GREEN Performance Criteria for each KPI.
  2. If the level of performance of the System Integrator during a Contract Month achieves the GREEN Performance Criteria for each KPI, no Retentions shall accrue to the System Integrator in respect of the relevant KPI.
  3. Subject to paragraph 5 of this Schedule 4, if the level of performance of the System Integrator during a Contract Month does not achieve the GREEN Performance Criteria for a KPI, the level of Retention that shall accrue to the System Integrator in respect of the relevant KPI shall be the applicable level as set out in Annex 1 (*KPI and PI Table*) depending on whether the score is AMBER or RED unless the failure is a Repeat Failure, in which case the provisions of paragraph 5 of this Schedule 4 shall apply.
  4. Where the System Integrator is awarded a score of AMBER or RED against a KPI then, subject to the provisions of paragraph 6 of this Schedule 4, the Authority shall be entitled to make Retentions in accordance with paragraph 10 of Part 1 of Schedule 7 (*Pricing and Payment*).
  5. Where the same root cause results in more than one KPI Failure, the Authority shall decide against which KPI Failure to make Retentions and the Parties agree that the Authority shall not be entitled to make Retentions against more than one KPI in respect of the same root cause.

Temporary and Permanent Retentions

* 1. Retentions which may be applied by the Authority shall either be Temporary Retentions or Permanent Retentions which shall have the following respective characteristics:
     1. a Temporary Retention is the relevant amount for an AMBER score referred to in Annex 1 (*KPI and PI Table*) to this Schedule 4, which the Authority retains from the Monthly Payment in respect of any KPI (or parts of a KPI) (in the circumstances described in paragraph 3.7 of this Schedule 4) and such Temporary Retention will be paid to the System Integrator in the event that it satisfies the conditions in paragraph 3.8 of this Schedule 4 (but not otherwise); and
     2. a Permanent Retention is relevant amount for a RED score referred to in Annex 1 (KPI and PI Table) to this Schedule 4, which the Authority deducts from the Monthly Payment in respect of any KPI (or parts of a KPI) (in the circumstances described in paragraph 3.9 of this Schedule 4 and which are permanently retained by the Authority) together with any other Retentions which may apply in respect of such Contract Month.
  2. If the System Integrator’s performance in respect of any KPI (or part of such KPI) is in the AMBER performance band for the relevant KPI (or part of such KPI) in any Contract Month, then a Temporary Retention shall be applied in respect of the relevant KPI (or part of such KPI).
  3. Subject to paragraph 3.9 of this Schedule 4, any Temporary Retention made by the Authority in respect of a KPI (or part of such KPI) shall only be paid to the System Integrator when the System Integrator has achieved two (2) consecutive Contract Months in the GREEN performance band in relation to such KPI (or part of such KPI) following the Contract Month in respect of which the Temporary Retention was made. Subject to paragraph 3.9 of this Schedule 4, the Authority shall make payment of such Temporary Retention to the System Integrator in the next Contract Month following the second consecutive Contract Month in which the GREEN performance band was achieved by the System Integrator in respect of such KPI (or part of such KPI). The achievement by the System Integrator of two (2) consecutive Contract Months in the GREEN performance band for one KPI (or part of such KPI) will not result in the repayment of any Temporary Retention made by the Authority in respect of any other KPI (or part of such KPI).
  4. If the System Integrator:
     1. does not achieve two (2) consecutive months in the GREEN performance band in the Contract Months immediately following the date on which the relevant Temporary Retention was made by the Authority; and/or
     2. achieves:
        1. an AMBER score for three (3) or more Contract Months; and/or
        2. a RED score for any Contract Month,

in any six (6) month rolling period immediately following the date on which the relevant Temporary Retention was made by the Authority,

for any KPI (or part of such KPI) in respect of which the Authority has made Temporary Retentions prior to the Expiry Date or the Termination Date, then the Authority shall not be obliged to pay to the System Integrator the amount of such Temporary Retentions and shall be entitled to permanently retain payment of (where such amount has been paid to the System Integrator) any such Temporary Retentions and, where applicable, the System Integrator shall immediately pay to the Authority any Temporary Retentions paid to the System Integrator by the Authority pursuant to paragraph 3.8 of this Schedule 4.

* 1. Where the System Integrator’s performance in respect of any KPI (or any part of a KPI) has been in the RED performance band for any three (3) out of six (6) Contract Months (on a rolling monthly basis) (a “**Material Failure Event**”), such Material Failure Event shall be a System Integrator Default for the purposes of Clause 77.1 (*Termination for System Integrator Default*) and the Authority may elect:
     1. to terminate the whole or part of this Contract pursuant to Clause 77.1 (*Termination for System Integrator Default*); or
     2. not to terminate the whole or part of this Contract and, in such circumstances, increase each Retention set out in the columns of the Tables in Annex 1 (*KPI and PI Table*) to this Schedule 4 by a factor of two (2) (the “**Ratchet Amount**”). The Ratchet Amount shall be used by the Authority for the purposes of calculating Retentions where the System Integrator’s performance for any KPI remains in the RED or AMBER performance bands for any Contract Month in the twelve (12) Contract Months following the date of the Material Failure Event,

and, in either case, the Authority shall be entitled to retain permanently all Temporary Retentions which it has made in the twelve (12) Contract Months immediately prior to the date of the occurrence of the Material Failure Event.

1. Service Failure Points
   1. From the Effective Date, the System Integrator shall at all times provide the System Integrator Deliverables and/or the Services to meet or exceed the GREEN Performance Criteria for each KPI or PI.
   2. If the level of performance of the System Integrator during a Contract Month achieves the GREEN Performance Criteria for each KPI or PI, no Service Failure Points shall accrue to the System Integrator in respect of the relevant KPI or PI.
   3. Subject to paragraph 4.5 of this Schedule 4, if the level of performance of the System Integrator during a Contract Month fails to achieve the GREEN Performance Criteria for a KPI or PI, the number of Service Failure Points that shall accrue to the System Integrator in respect of the relevant PI shall be the applicable level as set out in Annex 1 (*KPI and PI Table*) depending on whether the score is AMBER or RED unless the failure is a Repeat Failure, in which case the provisions of paragraph 5 of this Schedule 4 shall apply.
   4. Subject to paragraph 4.5 of this Schedule 4, any Service Failure Points awarded by the Authority in respect of a KPI or PI shall be rescinded only when the System Integrator has achieved two (2) consecutive Contract Months in the GREEN performance band in relation to such KPI or PI following the Contract Month in respect of which the Service Failure Points were made. The achievement by the System Integrator of two (2) consecutive Contract Months in the GREEN performance band for one KPI or PI will not result in the rescission of any Service Failure Points awarded by the Authority in respect of any other KPI or PI.
   5. If the System Integrator:
      1. does not achieve two (2) consecutive months in the GREEN performance band in the Contract Months immediately following the date on which the relevant Service Failure Points were awarded by the Authority; and/or
      2. achieves:
         1. an AMBER score for four (4) or more Contract Months; and/or
         2. a RED score for any Contract Month,

in any six (6) month rolling period immediately following the date on which the relevant Service Failure Points were awarded by the Authority,

for any KPI or PI, the Authority shall not be required to rescind the relevant Service Failure Points.

* 1. Where the same root cause results in more than one KPI Failure or PI Failure, the Authority shall decide against which KPI Failure or PI Failure to award Service Failure Points and the Parties agree that the Authority shall not be entitled to award Service Failure Points against more than one KPI or PI in respect of the same root cause.
  2. Where, following the application of the process set out in this paragraph 4 in a Contract Month, the rolling aggregate number of Service Failure Points accrued by the System Integrator (excluding any Service Failure Points that have been rescinded pursuant to this paragraph 4) exceeds:
     1. 48 in relation to KPI Failures; or
     2. 30 in relation to PI Failures,

without prejudice to the Authority’s rights and remedies under this Contract, such failures shall be deemed to be a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).

1. Repeat KPI Failures and Repeat PI Failures
   1. If a:
      1. KPI Failure occurs in respect of the same KPI in any two (2) or more consecutive Contract Months, the second and any subsequent such KPI Failure shall be a “**Repeat KPI Failure**”; and/or
      2. PI Failure occurs in respect of the same PI in any two (2) or more consecutive Contract Months, the second and any subsequent such PI Failure shall be a “**Repeat PI Failure**”.

Repeat KPI Failures

* 1. The Retention that shall accrue to the System Integrator in respect of a PI Failure that is a Repeat KPI Failure shall be calculated as follows:

**RR = KR x M** where:

**RR =** the amount of Retention that shall accrue for the Repeat KPI Failure;

**KR =** the applicable amount of Retention for that KPI Failure as set out in Annex 1 (*KPI and PI Table*) depending on whether the Repeat KPI Failure is an AMBER or RED score;

**M =** the number of consecutive Contract Months the relevant KPI Failure has subsisted.

* 1. Without prejudice to the Authority's rights and remedies under this Contract, where the relevant KPI Failure has subsisted for three (3) consecutive Contract Months, such failure shall be deemed to be a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).

Repeat PI Failures

* 1. The number of Service Failure Points that shall accrue to the System Integrator in respect of a PI Failure that is a Repeat PI Failure shall be calculated as follows:

**RSFP = SuPIP x M** where:

**RSFP =** the number of Service Failure Points that shall accrue for the Repeat PI Failure;

**SuPIP =** the applicable number of Service Failure Points for that PI Failure as set out in Annex 1 (*KPI and PI Table*) depending on whether the Repeat SPI Failure is an AMBER or RED score; and

**M =** the number of consecutive Contract Months the relevant SPI Failure has subsisted.

* 1. Without prejudice to the Authority's rights and remedies under this Contract, where the relevant PI Failure has subsisted for four (4) consecutive Contract Months, such failure shall be deemed to be a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).

1. Bedding-In Period
   1. Without prejudice to the remedies available to the Authority under this Contract where a KPI Failure or a PI Failure occurs during the Bedding-In Period for the relevant KPI or PI (as the case may be), the Parties agree that during the Bedding-In Period and to the extent applicable to the relevant KPI/PI:
      1. the System Integrator shall comply with its obligations under this Contract;
      2. the Retentions and Service Failure Points accrued by the System Integrator shall be recorded on the Monthly Performance Reports;
      3. Retentions shall not be deducted from the Monthly Payment; and
      4. Service Failure Points will accrue from the Effective Date.
2. Moderation
   1. Subject always to paragraph 7.3 (*Moderation*), where the System Integrator demonstrates to the reasonable satisfaction of the Authority that an instance of failure in relation to a PI in the relevant Contract Month arose as the direct result of a Moderation, such instance of failure shall be discounted for the purposes of evaluating the System Integrator's performance against the required standard set out in Annex 1 (*KPI and PI Table*) to this Schedule in relation to the relevant Performance Indicator.
   2. In this paragraph 7 (*Moderation*), “**Moderation**” shall mean any one or more of the following events:
      1. periods during which an Authority breach of this Contract is subsisting;
      2. periods during which the System Integrator is carrying out Approved Maintenance; and/or
      3. periods during which a Force Majeure Event is subsisting,

in each case save to the extent that such Moderation is caused or contributed to by the System Integrator and/or any System Integrator Related Party and any Sub-System Integrator employed or retained by the System Integrator.

* 1. During any period excluded from measurement of the System Integrator's performance of the required standard pursuant to this paragraph 7 (*Moderations*), the System Integrator shall use all reasonable endeavours to mitigate the effects of the Moderation and it shall continue to adhere to the required standard and if it fails to do so such periods shall be taken into account when evaluating the System Integrator's performance against the required standard set out in the relevant Performance Indicator as if the relevant Moderation did not apply.

1. Rectification Plans
   1. In the event that:
      1. the Authority is entitled to a Permanent Retention; and/or
      2. the System Integrator achieves:
         1. an AMBER score for any three (3) or more Contract Months out of six (6) Contract Months (on a rolling monthly basis); and/or
         2. a RED score,

for a single or multiple KPIs and/or PIs, the Authority may issue a Rectification Plan Notice to the System Integrator.

* 1. A Rectification Plan Notice shall set out:
     1. the relevant Performance Failures; and
     2. any other supporting information which the Authority considers to be relevant.
  2. Within five (5) Working Days of the date of issue of the Rectification Plan Notice (or such longer period as the Authority may agree), the System Integrator shall submit the requested Rectification Plan to the Authority which shall:
     1. provide an explanation of the causes of the Performance Failures;
     2. identify the actions needed to remedy any Performance Failure identified in the Rectification Plan Notice and prevent its recurrence;
     3. set out:
        1. the System Integrator’s proposals for carrying out the actions needed to remedy the Performance Failures;
        2. a programme for undertaking such actions; and
        3. the date by which such actions will be completed;
     4. identify any actions or consents required from the Authority, and/or third party to facilitate actions needed to remedy the Performance Failures; and
     5. specify proposed criteria for the purpose of auditing completion of the remedial actions and resolution of the actions needed to remedy the Performance Failures.
  3. Following receipt of a Rectification Plan, the Authority may (acting reasonably):
     1. agree it; or
     2. reject it and require the System Integrator to submit a revised Rectification Plan within five (5) Working Days of such rejection (or such other time as may be agreed by the Authority in writing).
  4. In the event that the System Integrator fails to provide a Rectification Plan and/or an acceptable revised Rectification Plan within the stated period this shall be deemed to be a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).
  5. All Rectification Plans shall be submitted to the Authority’s Project Manager and the Authority’s Commercial Manager using the details set out in Schedule 20 (Addresses and Other Information (*DEFFORM 111*)) of this Contract.
  6. Each Rectification Plan shall be sequentially numbered from a central register maintained by the System Integrator. In the event that a further unconnected circumstance occurs which results in the issue of a separate Rectification Plan Notice, a separate Rectification Plan shall be raised and recorded in the central register under a separate sequential numbers.
  7. A report on progress against each open Rectification Plan shall be provided at each Monthly Performance Review. Each Rectification Plan shall remain open until the actions identified within it have been completed in accordance with the agreed Rectification Plan to the Authority's satisfaction, whereupon it shall be closed.
  8. Where the Rectification Plan does not succeed in remedying the Performance Failures identified in the Rectification Plan Notice within the agreed timescales or in preventing its recurrence, the Authority may:
     1. agree an extension to the time for carrying out and completing the Rectification Plan;
     2. agree a revised Rectification Plan;
     3. issue a further Rectification Plan Notice in respect of the same area(s) of poor performance; or
     4. elect to treat such failure as a material breach for the purposes of Clause 5 (*Exclusivity*) and Clause 77.15 (*Material Breach*).
     5. Annex 1: KPIs and PIs
     6. Part 1 - KPIs

| **KPI** | **Description** | **Performance Criteria** | **Applicable Retention and SFPs** |
| --- | --- | --- | --- |
| **Response Time** | | | |
| KPI 1.1 | Spares | This KPI will be registered as a:  (a) “GREEN” where 95% or more of the Spares which are due to be delivered by the System Integrator in the relevant Contract Month have been delivered:   * + - 1. to the Authority by the relevant Response Time; and/or       2. in accordance with this Contract; and/or   (b) “AMBER” where 5% to 10% of the Spares which are due to be delivered by the System Integrator in the relevant Contract Month have not been delivered:   * + - 1. to the Authority by the relevant Response Time; and/or       2. in accordance with this Contract; and/or   (c) “RED” where:   * + - 1. more than 10% of the Spares which are due to be delivered, by the System Integrator in the relevant Contract Month have not been delivered:          1. to the Authority by the relevant Response Time; and/or          2. in accordance with this Contract; and/or       2. any Spare which is delivered by the System Integrator to the Authority more than 21 Working Days after the relevant Response Time. | AMBER: £250  1 SFPs  RED: £500  2 SFPs |
| KPI 1.2 | Repairs | This KPI will be registered as a:  (a) “GREEN” where 95% or more of the Repairs which are due to be carried out by the System Integrator in the relevant Contract Month have been carried out:   * + - 1. by the relevant Response Time; and/or       2. in accordance with this Contract;   (b) “AMBER” where 5% to 10% of the Repairs which are due to be carried out and/or performed by the System Integrator in the relevant Contract Month have not been carried out:   * + - 1. by the relevant Response Time; and/or       2. in accordance with this Contract; and/or   (c) “RED” where:   * + - 1. more than 10% of the Repairs which are due to be carried out by the System Integrator in the relevant Contract Month have not been carried out:          1. by the relevant Response Time; and/or          2. in accordance with this Contract;       2. any Repair which is due to be carried out by the System Integrator in the relevant Contract Month has not been carried out within 21 Working Days after the relevant Response Time. | AMBER: £250  1 SFPs  RED: £500  2 SFPs |
| KPI 1.3 | S&R Plan Failures | This KPI will be registered as a:  (a) “GREEN” where no S&R Plan Failures occur in any Contract Month; and/or  (b) “RED” where any S&R Plan Failures occur in any Contract Month. | RED: £1,000  5 SFPs |

|  |  |  |  |
| --- | --- | --- | --- |
| **Behaviours** | | | |
| KPI 2.1 | Trust | KPIs 2.1-2.4 shall be monitored through engagement of Authority Respondents through the System Integrator Behaviours Questionnaire to determine whether the System Integrator will be scored “GREEN” or “AMBER” for each KPI for the relevant Monitoring Period. | AMBER: £100  1 SFPs |
| KPI 2.2 | Flexibility | AMBER: £100  1 SFPs |
| KPI 2.3 | Transparency | AMBER: £100  1 SFPs |
| KPI 2.4 | Integration and Collaboration | AMBER: £100  1 SFPs |
| **Critical Failure** | | | |
| KPI 3 | Critical Failure | This KPI will be registered as a:  (a) “GREEN” where no Critical Failures occur in any Contract Month; and/or  (b) “RED” where any Critical Failures occur in any Contract Month. | RED: £2,000  5 SFPs |
| **SMEs** | | | |
| KPI 4 | SMEs | This KPI will be registered as a:  (a) “GREEN” where at completion of an Approved Task Order and/or a relevant Milestone (as the case may be), the Authority assesses the documentary evidence provided by the System Integrator and the Authority determines (acting reasonably) that the aggregate value of all Sub-Contracts placed with SMEs for an Approved Task Order and/or a relevant Milestone (as the case may be), is equal to or greater than 25% of the total value of that Approved Task Order and/or a relevant Milestone (as the case may be); and/or  (b) “RED” where:   * + - 1. at completion of an Approved Task Order and/or a relevant Milestone (as the case may be), the Authority assesses the documentary evidence provided by the System Integrator and the Authority determines (acting reasonably) that the aggregate value of all Sub-Contracts placed with SMEs for an Approved Task Order and/or a relevant Milestone (as the case may be), is less than 25% of the total value of that Approved Task Order and/or a relevant Milestone (as the case may be); and/or       2. the System Integrator fails to provide the Authority with sufficient documentary evidence to enable the Authority to determine whether the aggregate value of all Sub-Contracts placed with SMEs for an Approved Task Order and/or a relevant Milestone (as the case may be). | RED: £1,000  3 SFPs |
| **Social Value Plan** | | | |
| KPI 5 | Social Value Plan | This KPI will be registered as a:   1. “GREEN” where the Authority assesses the Social Value Plan Report and it determines (acting reasonably) that 100% of the Delivery Objectives achieve a rating of Good or Approaching Target in any Monitoring Period; 2. “AMBER” where the Authority assesses the Social Value Plan Report and it determines (acting reasonably) that any Delivery Objective achieves a rating of Requires Improvement in any Monitoring Period; and/or 3. “RED” where:    * + 1. the Authority assesses the Social Value Plan Report and it determines (acting reasonably) that any Delivery Objective achieves a rating of Inadequate; and/or        2. the System Integrator fails to deliver to the Authority a Social Value Plan Report that complies with the requirements of Schedule 18 (*Social Value Plan*),   in any Monitoring Period. | AMBER: £300  2 SFPs  RED: £600  3 SFPs |

* + 1. Part 2 - PIs

| **PI** | **Description** | **Performance Criteria** | **Applicable SFPs** |
| --- | --- | --- | --- |
| **Rejection of Ad Hoc Tasks and Innovation Proposals** | | | |
| PI 1 | Rejection of Ad Hoc Task Order Proposals and/or Innovation Proposals | This PI will be registered as a:  (a) “GREEN” where 95% or more of the aggregate of the Ad Hoc Task Order Proposals and Innovation Proposals submitted by the System Integrator pursuant to Schedule 8 (*Ad Hoc Task Order Approval Process*) and/or Part 5 (*Capability Integration Cycle*) of Schedule 2 in any Contract Month are Approved by the Authority’s Representative (acting reasonably);  (b) “AMBER” where 5% to 10% of the aggregate of the Ad Hoc Task Order Proposals and Innovation Proposals submitted by the System Integrator pursuant to Schedule 8 (*Ad Hoc Task Order Approval Process*) and/or Part 5 (*Capability Integration Cycle*) of Schedule 2 in any Contract Month are not Approved by the Authority’s Representative (acting reasonably); and/or  (c) “RED” where:   * + - 1. more than 10% of the aggregate of the Ad Hoc Task Order Proposals and Innovation Proposals submitted by the System Integrator pursuant to Schedule 8 (*Ad Hoc Task Order Approval Process*) and/or Part 5 (*Capability Integration Cycle*) of Schedule 2 in any Contract Month are not Approved by the Authority’s Representative (acting reasonably); and/or       2. the System Integrator fails to deliver to the Authority any Ad Hoc Task Order Proposal and/or any Innovation Proposal (as the case may be) by the relevant Response Time for the delivery of the relevant Ad Hoc Task Order Proposal and/or any Innovation Proposal (as the case may be) as set out in Schedule 8 (*Ad Hoc Task Order Approval Process*) and/or Part 5 (*Capability Integration Cycle*) of Schedule 2 (as the case may be) or such later date notified by the Authority to the System Integrator from time.   The Parties agree that for the purpose of calculating the relevant percentages for this KPI 3, the System Integrator is entitled to discount any Ad Hoc Task Order Proposal and/or Innovation Proposal where the Authority withdraws that Ad Hoc Task Order Proposal and/or Innovation Proposal, save where the reason for such withdrawal is due to the act, omission or default of the System Integrator. | AMBER: 1 SFPs  RED: 6 SFPs |
| PI 2 | Innovation Proposals | This PI will be registered as a:  (a) “GREEN” where the System Integrator initiates more than 6 Innovation Proposals pursuant to Part 5 (*Capability Integration Cycle*) of Schedule 2 in any Contract Year;  (b) “AMBER” where the System Integrator initiates 1 to 6 Innovation Proposals pursuant to Part 5 (*Capability Integration Cycle*) of Schedule 2 in any Contract Year; and  (c) “RED” where the System Integrator fails to initiate any Innovation Proposals pursuant to Part 5 (*Capability Integration Cycle*) of Schedule 2 in any Contract Year.  The Parties agree that the Authority is entitled to deem that any Innovation Proposal where the System Integrator has not exercised good industry practice, has not acted reasonably and/or is in breach of paragraph 2 of Part 5 (*Capability Integration Cycle*) of Schedule 2 is not an Innovation Proposal for the purposes of limbs (a) and (b) for this PI 2. | AMBER: 1 SFPs  RED: 2 SFPs |
| PI 3 | Technical Queries | This KPI will be registered as a:  (a) “GREEN” where 95% or more of the Technical Queries which are due to be resolved by the System Integrator in the relevant Contract Month have been resolved in accordance with this Contract by the relevant Response Time for that Technical Query;  (b) “AMBER” where 5% to 10% of the Technical Queries which are due to be resolved by the System Integrator in the relevant Contract Month have not been resolved in accordance with this Contract by the relevant Response Time for that Technical Query; and/or  (c) “RED” where:   * + - 1. more than 10% of the Technical Queries which are due to be resolved by the System Integrator in the relevant Contract Month have not been resolved in accordance with this Contract by the relevant Response Time for that Technical Query; and/or       2. any Technical Query which is due to be due to be resolved by the System Integrator in the relevant Contract Month has not been resolved within:          1. in respect of Immediate Technical Queries, two (2) Working Days;          2. in respect of Urgent Technical Queries, three (3) Working Days; and          3. in respect of Routine Technical Queries, five (5) Working Days,   in each case after the relevant Response Time. | AMBER: 1 SFPs  RED: 2 SFPs |
| PI 4 | Reports | This PI will be registered as a:  (a) “GREEN” where the System Integrator delivers to the Authority all of the Reports that were due to be delivered for any Contract Month; and  (b) “RED” where the System Integrator fails to deliver to the Authority all of the Reports that were due to be delivered for any Contract Month. | RED: 2 SFPs |
| PI 5 | Upload | This PI will be registered as a:  (a) “GREEN” where the System Integrator Uploads 95% or more of the Critical Documents that were due to be Uploaded for any Contract Month;  (b) “AMBER” where the System Integrator Uploads 90% to 94% of the Critical Documents that were due to be Uploaded for any Contract Month; and/or  (c) “RED” where:   * + - 1. the System Integrator Uploads less than 90% of the Critical Documents that were due to be Uploaded for any Contract Month; and/or       2. a Critical Document which is due to be Uploaded in any Contract Month has not been Uploaded by the System Integrator within 21 Working Days after the end of the relevant Contract Month in which it was due to be Uploaded. | AMBER: 1 SFPs  RED: 2 SFPs |

* + 1. Annex 2: KPIs 2.1 to 2.4 (Behaviours) and System Integrator Behaviours Questionnaire

1. Overview
   1. It is the Authority’s intention to monitor the System Integrator’s performance of KPIs 2.1 to 2.4 through engagement of the relevant stakeholders (being the Authority Respondents) through the System Integrator Behaviours Questionnaire.
   2. A sample System Integrator Behaviours Questionnaire is set out at Appendix A to this Annex 2 of Schedule 4 (*System Integrator Performance Mechanism*).
2. System Integrator Behaviours Questionnaire
   1. The System Integrator will distribute via Survey Monkey (or a similar tool agreed by the Parties in advance of Contract Award) a System Integrator Behaviours Questionnaire to the Authority Respondents.
   2. The System Integrator Behaviours Questionnaire will have a number of statements for KPI 2.1 to 2.4 (inclusive) and the Authority Respondents will be asked to “Strongly Agree”, “Agree”, “Disagree” or “Strongly Disagree” and set out reasons for their response and, where they see issues, identify any potential corrective actions (from the Authority Respondent’s perspective) the System Integrator could take to improve the relevant behaviour.
   3. The System Integrator will collate the assessment from the Authority Respondents which will form part of the Monthly Performance Report for the relevant Contract Month and be discussed at the Monthly Performance Review Meeting.
   4. The relevant KPI will be awarded a “GREEN” where:
      1. more than 50% of the Authority Respondents fail to complete the System Integrator Behaviours Questionnaire within [ten (10)] Working Days from distribution of the System Integrator Behaviours Questionnaire by the System Integrator; or
      2. 50% or more of the Authority Respondents complete the System Integrator Behaviours Questionnaire within [ten (10)] Working Days[[3]](#footnote-4) and where the majority of the responses from the completed questionnaires are recorded as “Strongly Agree” or “Agree” for the relevant part of KPI 2.
   5. The relevant KPI will be registered as an “AMBER” where more than 50% of the Authority Respondents complete the System Integrator Behaviours Questionnaire within [ten (10)] Working Days and the majority of the responses from the completed questionnaires are recorded as “Disagree” or “Strongly Disagree” for the relevant KPI.
      1. Appendix A: System Integrator Behaviours Questionnaire

Please place a cross in the box which most closely represents your feelings

1. **TRUST** 
   1. The [System Integrator] exhibits behaviours that foster a high level of trust between parties.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

* 1. The [System Integrator] displays a sense of accountability by owning the consequences of their actions

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

1. **FLEXIBILITY** 
   1. The [System Integrator] demonstrates a proactive approach to change and innovation when necessary.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

* 1. The [System Integrator] adapts to accommodate evolving requirements that result from adopting an agile development methodology.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

* 1. The [System Integrator] is willing to test new ways of working in order to drive efficiencies and benefit for TIQUILA.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

1. **TRANSPARENCY** 
   1. Lines of communication between the Authority, the Enabling Contractors and the [System Integrator] are clear and well defined.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

* 1. Issues and concerns raised by the Authority and the Enabling Contractors are managed at the appropriate level as soon as they arise.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

* 1. The [System Integrator] is clearly focused on delivering optimum capability to the end user.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

* 1. The [System Integrator] takes into account the Authority’s customers’ and users’ needs and experiences into the System Integrator’s decision-making processes.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

1. **INTEGRATION AND COLLABORATION**
   1. There is a clear “One Team” approach between the Authority and the [System Integrator] with no lingering “us and them” mentality.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

* 1. There is a clear “One Team” approach between the Authority and the Enabling Contractors with no lingering “us and them” mentality.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

* 1. The [System Integrator] displays behaviours to support Enabling Contractors and other partners so that Enabling Contractors and other partners feel part of “One Team”.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

* 1. The [System Integrator] is proactive and regularly collaborates with the Enabling Contractors and other partners to discuss how to improve the delivery of the Services.

|  |  |  |  |
| --- | --- | --- | --- |
| Strongly Agree | Agree | Disagree | Strongly Disagree |
|  |  |  |  |

Where you have assessed the behaviour as ‘Disagree’ or ‘Strongly Disagree’, please set out reasons for your response and also, where you see issues in this area, identify any potential corrective actions

|  |
| --- |
|  |

**Thank you**

* + 1. Annex 3: Reports
  1. In each Contract Month, the System Integrator shall provide to the Authority’s Representative the relevant reports identified in Schedule 6 (Governance and Reporting).
  2. Throughout the Term, the Authority shall assess the appropriateness of each Report set out in paragraph 1.1 of this Annex 3 (*Reports*) and the Authority reserves the right to:
     1. change any Report; and/or
     2. insert a new Report,

if the Authority considers (acting reasonably) that a more appropriate report should be delivered by the System Integrator.

* + 1. Annex 4: Critical Documents
  1. In each Contract Month, the System Integrator shall Upload the Critical Documents in accordance with Schedule 2 (*Obligations of the System Integrator*) and/or Schedule 6 (*Governance and Reporting*) (as the case may be).
  2. Throughout the Term, the Authority shall assess the appropriateness of each Critical Document the Authority reserves the right to:
     1. change any Critical Document; and/or
     2. insert a new Critical Document,

if the Authority considers (acting reasonably) that a more appropriate document should be maintained and Uploaded by the System Integrator.

1. 1. GFX

This schedule contains the list of the GFX available to the System Integrator for the purposes of this Contract.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **GFX Type** | **Description** | **Date Required** | **Duration and Notice** |
| 1 | Information | EWSI Payload Interface Control Document. | Contract Award + TBC | Duration of Contract |
| 2 | Facilities | 700X Naval Air Squadron (Test and Evaluation) | Contract Award + TBC | Duration of Contract |

1. [[4]](#footnote-5)
   1. Governance and Reporting
      1. Part 1
2. Contract Data Deliverables
   1. The Contract Data Deliverables listed in Annex 1 of this Schedule are in addition to any other Data Deliverables required under the contract.
   2. The System Integrator shall provide the Contract Data Deliverables set out in Annex 1 in the time specified in the delivery schedule column.
   3. The System Integrator shall ensure configuration control of this Schedule 6 and maintain a master log of all versions of all Contract Data Deliverables which records the following details of every element of the Contract Data Deliverables and associated management information including:
      1. name;
      2. specified Contract Data Deliverable type;
      3. status;
      4. approver name;
      5. approval data; and
      6. whether it is the current or prevailing version of the relevant item or whether it has been superseded and archived.
3. Progress Reports
   1. The System Integrator shall supply the Authority with reports on the progress of the Contract.
   2. Reports shall detail as a minimum:
      1. Performance / Delivery of the System Integrator Deliverables;
      2. Risks and Opportunities;
      3. The Financial Management Information as set out in Part 4 (*Financial Management Information*) to Schedule 7 (*Pricing and Payment*);
      4. Any other information specified in the Contract; and
      5. Any other information reasonably requested by the Authority.
   3. Reports shall be provided to the addressees in boxes 1 and 2 of the DEFFORM 111, or as otherwise specified by the Authority and in the form and frequency specified in the Contract.
4. Progress Meetings
   1. Unless otherwise stated in this Schedule 6, all meetings listed in Annex 2 to this Schedule 6 shall be held virtually or at a mutually agreed location in the UK.
   2. The System Integrator shall provide and present information as required and supply the relevant suitably qualified and experienced personnel to attend.
   3. Where Annex 2 to this Schedule 6 states that the System Integrator’s role is to ‘Support’ at any meeting the System Integrator shall supply the relevant suitably qualified and experienced personnel to attend.
   4. The System Integrator and the Authority shall ensure that the individuals fulfilling the roles listed in the column headed “Key Attendees” (or their authorised representatives) attend such meetings. The System Integrator shall attend progress meetings at the frequency and times specified in the Contract. Any additional meetings shall be at no cost to the Authority.
      1. The Authority's Project Manager and acquisition team members shall attend each meeting where appropriate and will advise the System Integrator in advance of the expertise of his supporting team.
      2. The System Integrator's Project Manager shall be required to attend each meeting supported by personnel suitably qualified to respond to the areas of expertise notified by the Authority.
   5. All meetings shall be held at a location to be agreed between the System Integrator and the Authority's Programme Manager.
   6. The System Integrator shall be responsible for sending out the required meeting materials for the meetings detailed below two (2) Working Days prior to the meeting and then also presenting the materials.
   7. Unless stated otherwise, the System Integrator shall be responsible for making a record of the discussions and decisions of the meeting. These will be forwarded within ten (10) Working Days of the meeting, in draft form, to the Authority’s Project Manager and Commercial Officer at the address given in boxes 1 and 2 of the DEFFORM 111, for agreement prior to the final version being issued.
   8. Routine management meetings are to be organised and chaired by the System Integrator and are defined below. Frequency is after the Contract Effective Date. Agenda Items and Attendee lists should include, but are not limited to, all items and personnel mentioned.
   9. The Systems Integrator shall provide a DV cleared attendee to act as a Specialist Advisor and to present research opportunities and feedback from the SEA and WORM process as described the Schedule 2 (*Obligations of the System Integrator*).
      1. Part 2
5. Authority Key Personnel

|  |  |
| --- | --- |
| Key Role | Key Personnel |
| Programme Manager |  |
| Commercial Manager |  |
| Chief Engineer |  |
| Safety / Airworthiness Engineer |  |
| ILS Manager |  |
| Supply Chain Manager |  |
| In-Service Manager |  |
| Operations Manager |  |
| Quality Manager |  |

1. System Integrator Key Personnel[[5]](#footnote-6)

|  |  |
| --- | --- |
| Key Role | Key Personnel |
| Programme Manager |  |
| Commercial Manager |  |
| Chief Engineer |  |
| Safety / Airworthiness Engineer |  |
| ILS Manager |  |
| Supply Chain Manager |  |
| In-Service Manager |  |
| Operations Manager |  |
| Supportability Analysis Manager |  |
| CIC and Trials Manager |  |
| Quality Manager |  |

* + 1. Annex 1 Contract Data Deliverables

| **Item No.** | **Contract Data Deliverable** | **Description** | **Delivery Schedule** |
| --- | --- | --- | --- |
|  | Training Package. | The training package is the content required to deliver both operator and maintainer training. To be provided as requested by the Authority prior to IOC in support of DSAT requirements, or to be provided as requested at any other time after Contract Award.  Upon termination and/or expiry of the Contract (whichever occurs earlier), the System Integrator shall provide the Authority with electronic copies of the training package in an editable format (such as MS Word and MS PowerPoint). | As required by the Authority in accordance with the delivery dates agreed between the Parties; and  On the Expiry Date as part of Schedule 15 (*Exit Plan*). |
|  | Technology Roadmap. | The System Integrator shall produce and maintain a Technology Roadmap, detailing the planned capability upgrades and their target date for introduction.  The Technology Roadmap shall be made available to the Authority upon request. | IOC |
|  | Risk and Opportunity Management Report | The System Integrator shall provide a risk and opportunity management report to include:   1. A risk register for the full scope of this Contract, defining risk (case, event, consequence), owner, proximity, current and target impact (probability and cost/schedule/performance impact), support solution risks, ILS risk activities and associated management responses for both risks (threats) and opportunities; 2. Risk & opportunity change outlining the risks that have been escalated to higher level for action / information; 3. Risk profile which specifies the risk exposure profiled over the Contract Period; 4. Risk / opportunity pre & post mitigation response containing waterfall charts highlighting reduction in risk as a result of mitigation actions; and 5. Risk & Opportunities Process Health metrics covering the previous thirty (30) days which includes details of: the total number of risks; the risks which: have been added, closed, updated, have a review planned, have a review overdue, have had their scoring updated, have been escalated / deescalated, have had a plan added or updated, have had responses added, updated or completed and the date when they were completed | Every 15th Working Day of the month. |
|  | Supportability Case Report | The Supportability Case Report shall be produced in accordance with DStan 00-600 ILS PD 4002. | SCR at Contract Award  SCR at Preliminary Design Review  SCR at Critical Design Review  SCR at LSD(L)  SCR at Logistic Support Date  SCR at ISR  SCR at OSD |
|  | International Traffic Arms Regulations (ITAR)/ International trade Cooperation Treaty (ITCT)/ Import Duty Waiver (IDW) | The System Integrator shall:   1. identify any items that are subject to ITAR, ITCT and/or IDW; 2. detail procedures to be used for managing items subject to ITAR, ITCT and/or IDW. | Throughout the Contract Period. |
|  | Health Hazards and System Safety Reports | The System Integrator shall identify:   1. Short term health hazards; 2. Long term health hazards; 3. Mechanical hazards; 4. Electrical hazards; 5. Radiological hazards; 6. Escape routes; 7. All pollutants; 8. Breathing systems. | Throughout the Contract Period |
|  | GFX Schedule | The System Integrator shall state his requirements in the form of a schedule of GFX, which may include:   1. Government Furnished Equipment (GFE) 2. Government Furnished Resource (GFR) 3. Government Furnished Information (GFI) 4. Government Furnished Facilities (GFF). | Throughout the Contract Period |
|  | Air System Integrity Management Strategy | The System Integrator shall detail a combined approach to structural, propulsion, and systems integrity of the MUAS in accordance with the Establish, Sustain, Validate, Recover and Exploit (ESVRE) principles.  The strategy shall:   1. include an Integrity Management Plan, detailing how the Strategy will be implemented and associated timelines for routine / scheduled activities; 2. detail a process for review of FRACAS outputs; 3. detail a process for review of component lifing data; 4. include an Environmental Damage Prevention and Control system; 5. outline an Inspection Programme to find and correct any deterioration of items critical to, or of significance to, the Integrity of the Air System; 6. outline an appropriate Maintenance Schedule Review period; 7. outline the strategy for undertaking a Statement of Operating Intent and Usage review, no later than 3 years from the Logistic Support Date 8. detail a process for reporting significant IM findings to the Integrity Management Working Group; and 9. ensure processes are in place for when Integrity Evidence no longer supports the Integrity Baseline. | ISF |
|  | System Specification | The System Integrator shall detail the proposed specification of the MUAS, to include but not limited to:   1. Air System configuration; 2. performance limits; 3. defined weight limits; 4. defined moment limits; 5. individual sub-system mass; and 6. identification of critical components. | 3 months prior to ISF |
|  | Air System Maintenance Manual | The System Integrator shall detail those activities necessary to conduct scheduled maintenance and rectification of the Air System. To include, but not limited to:   1. pre -flight inspection criteria and procedures; 2. post-flight inspection criteria and procedures; and 3. a procedure for checking and managing the weight and moment of each MUAS prior to flight; and 4. detailed instructions for those maintenance and/or repair activities deemed acceptable to perform at Levels 1 to 3. | 3 months prior to ISF |
|  | Engine Evaluation | The System Integrator shall demonstrate that an appropriate level of safety can be achieved by the chosen propulsion system, through use of existing design standards and/or test/usage data. MAA RA 1605(1).c.(8) refers. | 3 months prior to ISF |
|  | Quality Assurance Plan | The System Integrator shall:   1. detail how they meet the requirements of the Quality Assurance contract specific provisions at clause 74; 2. identify the ILS requirements to be integrated into the Project Quality Assurance Plan; 3. define the relationship between ILS and quality. | Contract Award |
|  | Safety Management System Report | The System Integrator shall detail the policies, processes and procedures in place to enable a systematic and proactive approach to managing safety risks. | 3 months prior to ISF |
|  | Failure Reporting, Analysis, and Corrective Action System Strategy | The System Integrator shall detail the process for:   1. failure reporting, incorporating the use of the MOD Form 760 process; 2. analysis of failures; 3. recording and reporting of software-related failures to support the Software Assurance Strategy; and 4. corrective actions in response to failures. | 3 months prior to ISF |
|  | Ageing Aircraft Strategy | The System Integrator shall:   1. define the processes and policies to ensure that degradation and the interaction of apparently unrelated ageing processes is accounted for; 2. detail how associated risks are appropriately mitigated; 3. ensure that inherent design characteristics are identified to reduce the requirement for demonstrable proof of integrity management as the MUAS age; 4. propose a suitable approach to Ageing Aircraft Audits; and 5. produce an Ageing Aircraft Plan detailing how the Strategy will be implemented and associated timelines for routine / scheduled activities. | FOC |
|  | Manufacturing Plan | The System Integrator shall:   1. define the approach to the manufacture of the MUAS in accordance with the accepted system specification; 2. identify high-risk and low-yield manufacturing processes; 3. identify high-risk and low-yield materials; 4. identify any requirements for manufacturing development efforts to satisfy design requirements; 5. include a Manufacturing Process Definition detailing the approach to monitoring and controlling the quality of manufacturing output and processes; 6. detail production planning; 7. identify long-lead items; and 8. include a draft Development Roadmap of initial products and subsequent iterations | 3 months prior to ISF |
|  | Factory Acceptance Plan | The System Integrator shall detail:   1. the process for factory acceptance testing; and 2. the structure of the factory acceptance statement. | 3 months prior to ISF |
|  | Verification and Validation Requirements Matrix (VVRM) | The System Integrator shall populate and maintain the VVRM issued by the Authority, with a claim of compliance statement against each System Requirement, stating:   1. whether or not the proposed design solution satisfies either threshold or the objective measure of performance; 2. where compliance is claimed, what evidence has been provided to support the claim; 3. where compliance has not been claimed, the System Integrator proposal for how compliance will be sought in the future and the associated timescales. | From Contract Award |
|  | Enabling Contract opportunity reports | The System Integrator shall detail the number, type and value of Enabling Contract opportunities placed on the Defence Sourcing Portal and awarded during the Contract Period. | As requested by the Authority |
|  | Financial Data Input | The System Integrator shall comply with DEFCON 647. | As requested by the Authority. |
|  | Leasing Information | The Systems Integrator shall provide a report to satisfy the requirements of IFRS16. | As requested by the Authority. |
|  | Social Value Progress Report | The System Integrator shall report on the progress to deliver against the requirements of Schedule 18 (Social Value Plan). | As requested by the Authority. |
|  | Operator Manual | The Operator Manual shall:   1. provide the necessary operating limitations, procedures, performance and systems information the operator needs to safely and efficiently operate the MUAS during all anticipated operations; and 2. include Flight Reference Cards for ease of reference during Air System operation. | 3 months prior to ISF |
|  | Security Accreditation Plan | The report shall detail the security activities necessary, with associated milestones, to achieve the necessary level of Security Accreditation to meet the requirements detailed in the System Requirements Document. | Contract Award plus 2 months |
|  | Security Case Report | The System Integrator shall summarise the security risk status of the TIQUILA Air System. | Contract Award plus 2 months and updates at ISF, IOC & FOC |
|  | Monthly Performance Report | The System Integrator shall deliver the Monthly Performance Report, evidencing the System Integrator's performance against the KPIs and PIs in accordance with Schedule 4. | Monthly |
|  | Supply Plan | The System Integrator shall include:   1. a list of items on order and in the repair loop; 2. forecast delivery dates for all items on order and in the repair loop; 3. any current or forecast supply problems; 4. activity being undertaken to resolve the current or expected supply problems; and 5. a comparison of actual supply versus planned supply. | Monthly |
|  | Contract Amendment Status report | The System Integrator shall deliver a summary of the status of t proposed amendments to the Contract and confirmation of the list of agreed amendments to the Contract. | Two (2) Working Days Prior to the Monthly Programme Review Meeting |
|  | Status of Ad-Hoc Task Orders and CIC Tasks | The System Integrator shall deliver a summary of the status of the proposed Ad-Hoc Task Orders and CIC Tasks and of the agreed Ad-Hoc Task Orders and CIC Tasks. | Two (2) Working Days prior to the Monthly Programme Review Meeting in written communication by email |
|  | Occurrence reporting summary of events and progress | The System Integrator shall include details of occurrences, and outstanding actions on DASORS, FORMS 760, 765, 765X, FOD occurrences and Near Misses, as well as any outstanding changes/modifications | Monthly |

* + 1. Annex 2: Meetings

| **Meeting** | **Role** | **Location** | **Frequency (subject to review)** | **Purpose and Agenda Items** | **Key Attendees** | **Documents required in advance of meeting[[6]](#footnote-7)** |
| --- | --- | --- | --- | --- | --- | --- |
| Monthly Programme Review Meeting | Support | UK | Monthly | The System Integrator shall provide:   * Actions from previous meeting * Review of Deliverables schedule and progress against it * Review of KPI / PI performance and improvement actions as required * Review of payment plan * Escalations from Safety and Technical review, Contractual Change Management Meeting or elsewhere in the Programme * Presentation of System Integrator proposals requiring decision * Review of project risks, mitigations and actions * Review of progress against major milestones * LfE capture * Review of EVM data * AOB | Authority attendees:   * Programme Representative * Operations Representative * Commercial Representative * Engineering and Safety Representative * Finance Representative   System Integrator attendees:   * Programme Manager * Engineering Manager * Commercial/Contract Manager * Engineering and Safety Manager * Finance Manager | No later than two (2) Working Days prior:   * Minutes and actions from previous meeting. * Updated Deliverables schedule * KPI/PI Metrics * Updated payment plan * Relevant information to support escalation discussions * Other documentation as required with suitable notification |
| Quarterly Programme Review | Support | UK | Quarterly | As per the Monthly Programme Review | Authority attendees:   * Senior Programme Representative * Senior Operations Representative * Senior Commercial Representative * Senior Engineering and Safety Representative   Senior Finance Representative   * Senior Desk Office   System Integrator attendees:   * Project Director * Programme Manager * Engineering Manager * Commercial/Contract Manager * Engineering and Safety Manager * Finance Manager | No later than five (5) Working Days prior:   * Minutes and actions from previous meeting. * Updated Deliverables schedule * KPI/PI Metrics * Updated payment plan * Relevant information to support escalation discussions * Other documentation as required with suitable notification |
| Annual Programme Review Meeting | Support | UK | Annually | As per Quarterly Programme Meeting plus:   * Annual review of costs, benefits tracking, cash flow & retention monitoring, budget setting, option assessment. * Review of identified and potential benefit levers. * Review of performance management including the appropriateness of KPIs and PIs and their continued use for the remainder of the Contract Period. Should the Parties agree, the KPIs and PIs may be substituted for other measurements. The parties may also agree to retain the KPIs and PIs but change the success measurements. | Authority attendees:   * Senior Responsible Owner * Programme Representative * Operations Representative * Commercial Representative * Engineering and Safety Representative * Finance Representative * Senior Desk Officer   System Integrator attendees:   * Programme Director * Programme Manager * Engineering Manager * Commercial/Contract Manager * Engineering and Safety Manager * Finance Manager | No later than five (5) Working Days prior:   * Minutes and actions from previous meeting. * Updated Schedule * KPI/PI metrics * Updated payment plan * Relevant information to support escalation discussions * Other documentation as required with suitable notification |
| Mid-Term Contract Review | Support | UK | Mid-Term of the Contract | This mid-term contract review will be a formal meeting between the Authority and the System Integrator to discuss the success of the Contract to date including meeting customer expectations, performance against the requirement, stakeholder feedback and the impact these issues have on the future direction of the contract. Actions of the meeting will include the same criteria as the Quarterly Performance Review. The Authority and the System Integrator will agree the supporting information that the System Integrator will generate to support this meeting. | Authority attendees:   * Senior Programme Representative * Senior Operations Representative * Senior Commercial Representative * Senior Engineering and Safety Representative * Senior Finance Representative   System Integrator attendees:   * Senior Programme Manager * Senior Engineering Manager * Senior Commercial/Contract Manager * Senior Engineering and Safety Manager * Senior Finance Manager | No later than three (3) months prior.   * All relevant supporting reports as agreed between the Authority and the System Integrator |
| Future Capability Development Group Meeting(“**FCDG**”) | Support | UK | Every 4 months | The Authority and System Integrator shall discuss new capabilities. The Authority shall communicate identified new development needs.   * The System Integrator shall: * provide insight as an industry expert on capability needs generated from End User feedback or from within the Authority; and * present new capabilities or options from within the SEA or new developments in the RPA market for potential inclusion in a CIC Task Order. | Authority attendees:   * Senior Programme Representative * Senior Operations Representative * Senior Commercial Representative * Senior Engineering and Safety Representative * Senior Finance Representative   System Integrator attendees:   * Senior Programme Manager * Senior Engineering Manager * Senior Commercial/Contract Manager * Senior Engineering and Safety Manager * Senior Finance Manager | To be agreed |
| Joint Requirement Working Group Meeting (“**JRWG**”) | Deliver | UK | Every 4 months, 2 months after FCDG | The System Integrator shall present Innovation Proposals to the Authority, and answer any questions the Authority may have in relation to the proposed Solution(s).. | Authority attendees:   * Senior Programme Representative * Senior Operations Representative * Senior Commercial Representative * Senior Engineering and Safety Representative * Senior Finance Representative   System Integrator attendees:   * Senior Programme Manager * Senior Engineering Manager * Senior Commercial/Contract Manager * Senior Engineering and Safety Manager * Senior Finance Manager | To be agreed |
| Collaboration Forum | Deliver | UK | As required | The System Integrator shall:   * present Authority development needs and future capability roadmaps to the SEA; and * receive development opportunities from companies within the SEA to be presented to the Authority.   Where needed, a representative of the Authority community shall attend to give expert feedback on uses and act as holder of DV cleared information to answer questions on a need to know basis. | Authority attendees:   * Programme Representative * Commercial Representative * Front Line Command Representative’s * DASA and DSTL Representative’s | To be agreed |
| Logistics Support Committee (“**LSC**”) | Support | UK | LSC meetings are to be held quarterly as identified in the ILS schedule of work.  LSC meeting timings are to be phased to occur before major project meetings such as CDR and Stage Assessment Meetings. | The LSC is a formal gathering held to discuss support matters up to Logistic Support Date (“**LSD**”).  The aims of the LSC are to:   * Agree that the Integrated Support Plan (“**ISP**”) produced by the contractor meet the contracted DEFSTAN 00-600 ILS requirements; * Develop the ILS schedule of work to meet the requirements in the ILS Statement of Work (“**SOW**”); * Monitor and agree progress of activities to meet the ISP; * Identify support risks, allocate responsibility and monitor mitigation to a level that is as low as reasonably practical; * Monitor progress and recommend achievement against the master milestone schedule and contracted requirements; * Develop and maintain a Use Study; * Identify the overall logistic support implications of the introduction of equipment into service; * Examine cost options and trade-offs for the provision of Logistic Support; * Assist with the development of information requirements for the Logistic Information Repository (“**LIR**”); * Develop the ILS inputs at each stage of procurement; * Resolve issues with GFX; * Review and approve supportability case.   Once In-Service the agenda will be:   * Agree that the ISP, produced by the contractor, has met the contracted DEFSTAN 00-600 ILS requirements; * Develop additions to the ILS schedule of work to meet new requirements added to the ILS SOW; * Monitor and agree progress of activities to meet the ISP; * Identify support risks, allocate responsibility and monitor mitigation to a level that is as low as reasonably practical; * Monitor progress and achievement against the master milestone schedule and contracted requirements; * To update the Use Study; * To identify the overall logistic support implications of the introduction of equipment modifications, technology insertions/ refresh; * To examine cost options and trade-offs for the provision of Logistic Support; * To review and approve the LIR; * Develop the input to Invitations to Tender for Post Design Services; * To review in service data; * To provide input into ESCIT OSP process; * To review and approve supportability case; * To manage obsolescence issues; * To conduct periodic In-Service support reviews; * To develop input into TLMP. | The MILSM shall chair and membership shall be as follows:   * Authority Delivery Team Requirements Manager; * Authority Delivery Team Project Manager; * System Integrator ILSM; * User, Authority and System Integrator ILS element area support agencies as required. | * Initial Provisioning Guidance Document five (5) Working Days before first meeting * ISP * USE STUDY (as required) |
| Training Working Group | Support | UK | Quarterly | * Discuss training requirements * Training DLOD schedule * Training Needs Analysis * Impacts of upgrades and changes to the training solution * Courseware assurance | Authority attendees:   * TRA * TDA * ILSM * Operators * Maintainers   System Integrator attendees:   * Training Manager | To be agreed |
| Integrity Management Working Group (“**IMWG**”) | Support | UK | Every 6 months | The IMWG shall provide governance of the through-life airworthiness of the Air System. The IMWG ensures existing engineering processes are suitable to establish, sustain, validate, recover, and exploit system integrity in accordance with Military Aviation Authority (MAA) Regulatory Article (RA) 5726. The IMWG also serves as a forum for reviewing, discussing and formally endorsing the TIQUILA Integrity Management Strategy as well as reviewing airworthiness risks and agreeing plans to mitigate those risks. The IMWG recommends risk mitigation and acceptance criteria to the PSEP. | Authority attendees:   * Chief Engineer * Safety / Airworthiness Engineer   System Integrator attendees:   * Chief Engineer * Safety / Airworthiness Engineer | To be agreed |
| Local Technical Committee (“**LTC**”) | Support | UK | Every 6 months | The LTC shall review and endorse the technical aspects of design changes for the Air System, and make recommendations to the CBB for design change approval. | Authority attendees:   * Safety / Airworthiness Engineer * ILS Manager * Supply Chain Manager   System Integrator attendees:   * Safety / Airworthiness Engineer * ILS Manager * Supply Chain Manager * Supportability Analysis Manager | Candidates for design changes to the Air System |
| Configuration Control Board (“**CCB**”) | Support | UK | Every 6 months | The CCB reviews all LTC-endorsed recommendations for design changes to the Air System that may affect safety, reliability, maintainability or performance. All changes to the design of the Air System must be sanctioned by the CCB. | Authority attendees:   * Chief Engineer * Safety / Airworthiness Engineer * ILS Manager * Supply Chain Manager * In-Service Manager * Operations Manager   System Integrator attendees:   * Chief Engineer * Safety / Airworthiness Engineer * ILS Manager * Supply Chain Manager * In-Service Manager * Operations Manager * Supportability Analysis Manager | All LTC-endorsed recommendations for design changes to the Air System. |
| Project Safety & Environmental Panel (“**PSEP**”) | Support | UK | Every 6 months | Provides a forum for monitoring and co-ordinating all engineering-related safety, environmental and risk reduction activities, to ensure effective levels of safety and appropriate levels of environmental performance and liability.  Agenda:   * defining safety team activity; * reviews and endorses the risk status recommendations made in the subordinate Working Groups; * reporting hazards to the user community; * endorsement of the equipment safety case. | Authority attendees:   * Chief Engineer * Safety / Airworthiness Engineer * ILS Manager * Supply Chain Manager * In-Service Manager * Operations Manager   System Integrator attendees:   * Chief Engineer * Safety / Airworthiness Engineer * ILS Manager * Supply Chain Manager * In-Service Manager * Operations Manager | * Risk mitigation and acceptance criteria from the IMWG. * Details of all design changes sanctioned by the CCB. * System Integrator held hazard logs. |
| Quality Working Group (“**QWG**”) | Support | MOD Abbey Wood | Every 3 months | Agenda:   * review of actions from last QWG; * ongoing or emergent project QA issues/concerns; * review of Risk Identification, Assessment and Communication rev. 9.1 and Active Risk Management to confirm validity of existing risks and identify any new risks; * contract amendment status and any impact to quality conditions and risks; * status of Global Quality Assurance System delivery since last QWG; * Risk Identification, Assessment and Communication, Reports, Risk Surveillance Plans; * Quality Deficiency Reports and supplier responses, corrective action; * status of contractors' Quality Plans. | Authority attendees:   * Quality Manager   System Integrator attendees:   * Quality Manager | Quality Issues Reports |
| Preliminary Design Review (“**PDR**”) | Support | To be agreed by the Authority and the System Integrator | Within 1 month of Contract award | A multi-disciplined product and process assessment to ensure that the proposed Air System solution under review can proceed into the detailed design phase and meet the stated performance requirements in the SRD within the agreed performance, time, cost and risk constraints. | Authority attendees:   * Programme Representative * Operations Representative * Commercial Representative * Engineering and Safety Representative * Finance Representative * Front Line Command Representatives   System Integrator attendees:   * Programme Manager * Engineering Manager * Commercial/Contract Manager * Engineering and Safety Manager * Finance Manager | To be agreed by the Authority and the System Integrator |
| Critical Design Review (“**CDR**”) | Support | UK | To be agreed by the Authority and the System Integrator at PDR | An assessment of the Air System technical solution to ensure it has a reasonable expectation of meeting the SRD within the agreed performance, test and cost envelope. | Authority attendees:   * Programme Representative * Operations Representative * Commercial Representative * Engineering and Safety Representative * Finance Representative * Front Line Command Representatives   System Integrator attendees:   * Programme Manager * Engineering Manager * Commercial/Contract Manager * Engineering and Safety Manager * Finance Manager | To be agreed at PDR |
| Trials Readiness Review (“**TRR**”) | Support | To be agreed by the Authority and the System Integrator | To be agreed by the Authority and the System Integrator at CDR | A whole Air System assessment for readiness to undergo such trial or test activity identified during Air System development as necessary, in the appropriate environment. | Authority attendees:   * Programme Manager * Commercial Manager * Chief Engineer * Safety / Airworthiness Engineer * In-Service Manager * Operations Manager   System Integrator attendees:   * Programme Manager * Chief Engineer * Safety / Airworthiness Engineer * In-Service Manager * Operations Manager * Supportability Analysis Manager * CIC and Trials Manager | To be agreed at CDR |
| Contract Change Management Meeting | Support | To be agreed by the Authority and the System Integrator | As required | The Authority and the System Integrator shall discuss:   * Review of proposed Authority / System Integrator changes * Decisions or escalations to Programme Review Meeting | Authority attendees:   * Programme Representative * Financial Representative * Commercial Representative   System Integrator attendees:   * Programme Manager * Finance Manager * Commercial Manager | To be agreed by the Authority and the System Integrator |
| Security Working Group | Support | UK | As required | To be agreed by the Authority and the System Integrator | Authority attendees:   * Programme Representative * Financial Representative * Commercial Representative * Authority Security Manager   System Integrator attendees:   * Programme Manager * Finance Manager Commercial Manager * Security Manager | To be agreed by the Authority and the System Integrator |
| Software Working Group | Support | UK | As required | To be agreed by the Authority and the System Integrator | Authority attendees:   * Programme Representative * Financial Representative * Commercial Representative * MTTLSM * Authority Software SME as required   System Integrator attendees:   * Programme Manager * Finance Manager * Commercial Manager * CTTLSM | To be agreed by the Authority and the System Integrator |
| Ad hoc Meetings[[7]](#footnote-8) | To be agreed | To be agreed | Ad hoc | To address issues that cannot wait for a regular scheduled meeting. | To be agreed depending on the Agenda | To be agreed depending on the Agenda |
| Transition Working Group | Support | UK | As required. | To be agreed | To be agreed | To be agreed |
| Supply Planning Review | Support | UK | Quarterly | To be agreed | To be agreed | To be agreed |
| R&M Joint Sentencing Committee | Support | UK | As required | To be agreed | To be agreed | To be agreed |

1. 1. Pricing and Payment
      1. Part 1: Calculating the Monthly Payment
2. Calculating the Monthly Payment
   1. The Monthly Payment ("**MP**") in respect of each Contract Month ("**Contract** **Monthn**") during the Contract Period shall be calculated in accordance with the following formula:

**MP = ∑TO1P + ∑TO2P +∑TO3P + ∑TO4P + ∑CICTOP + ∑AHTOP +∑EC - ∑R - ∑AA + ∑CA**

where:

* + 1. **MP** is the Monthly Payment for Contract Monthn;
    2. **∑TO1P** is the sum of all the agreed TO1 Milestone Prices payable by the Authority to the System Integrator in Contract Monthn in respect of Task Order 1, calculated in accordance with paragraph 2 (*Approved TO1 Payment*) of Part 1 of this Schedule 7;
    3. **∑TO2P** is the sum of all the agreed TO2 Milestone Prices payable by the Authority to the System Integrator in Contract Monthn in respect of Task Order 2, calculated in accordance with paragraph 3 (*Approved TO2 Payment*) of Part 1 of this Schedule 7;
    4. **∑TO3P** is the sum of all the agreed TO3 Milestone Prices payable by the Authority to the System Integrator in Contract Monthn in respect of Task Order 3, calculated in accordance with paragraph 4 (*Approved TO3 Payment*) of this Schedule 7;
    5. **∑TO4P** is the sum of the Core Service Fee, the Service Support Fee and the Training Fee, payable by the Authority to the System Integrator in Contract Monthn each as calculated in accordance with paragraph 5 (*Approved TO4 Payment*) of Part 1 of this Schedule 7;
    6. **∑CICTOP** is the sum of all the agreed CIC Task Order Milestone Prices payable by the Authority to the System Integrator in Contract Monthn in respect of Approved CIC Task Orders, calculated in accordance with paragraph 6 (*CIC Task Orders*) of Part 1 of this Schedule 7;
    7. **∑AHTOP** is the sum of all the agreed Ad Hoc Task Milestone Prices payable by the Authority to the System Integrator in Contract Monthn in respect of Approved Ad Hoc Task Orders, calculated in accordance with paragraph 7 (*Ad Hoc Tasks*) of Part 1 of this Schedule 7;
    8. **∑EC** is the sum of all agreed payments payable by the Authority to the System Integrator in Contract Monthn in respect of the delivering the Exit Plan in accordance with paragraph 9 (*Exit Costs*) of Part 1 of this Schedule 7;
    9. **∑R** is the sum of the Retentions which the Authority shall be entitled to make in Contract Monthn in accordance with paragraph 10 (*Retentions*) of Part 1 of this Schedule 7 (and subject always to paragraphs 1.2 and 1.4 of Part 1 of this Schedule 7);
    10. **∑AA** is the sum of any other amounts that are agreed or determined to be payable by the System Integrator to the Authority in Contract Monthn in accordance with paragraph 10.3 (*Other Sums Payable*) of Part 1 of this Schedule 7; and
    11. **∑CA** is the sum of any other amounts that are agreed or determined to be payable by the Authority to the System Integrator in Contract Monthn in accordance with paragraph 10.4 (*Other Sums Payable*) of Part 1 of this Schedule 7.
  1. The Contract Price takes into account the Milestone Plan at Annex 2 and the Statement of Requirements at Annex 3.
  2. The Authority shall be entitled to apply the amount of any Retentions incurred and/or other amounts payable by the System Integrator and/or credited to the Authority in respect of the Monthly Payment, in any Contract Month following agreement or determination of the relevant amount.
  3. Where the product of the calculation carried out pursuant to paragraph 1.2 would reduce the Monthly Payment in any Contract Month to an amount less than zero (0), then the Authority shall be entitled to carry forward and apply the amount to which such Monthly Payment is less than zero (0) (the “**Excess Monthly Payment**”) to the next and any subsequent Monthly Payment due in respect of any subsequent Contract Month until the amount of such Excess Monthly Payment has been recovered in full by the Authority.
  4. Subject to any earlier termination of this Contract and/or the relevant Approved Task Order, the obligations for the Authority and/or the System Integrator to make payments in respect of Approved Task Orders shall be continuing obligations notwithstanding the expiry of this Contract.

1. Approved TO1 Payment
   1. The Approved TO1 Payment for a Contract Month shall be the sum of all relevant TO1 Milestone Prices that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.
   2. The System Integrator shall be entitled to make an application for payment of a TO1 Milestone Price where it has satisfied the requirements of paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7.
   3. Each TO1 Milestone Price shall be a Firm Price and it shall not be adjusted in accordance with the provisions of paragraph 7 (*Variation of Price*) of Part 2 of this Schedule 7.
   4. The aggregate of each TO1 Milestone Price shall not exceed the Approved TO1 Price.
2. Approved TO2 Payment
   1. The Approved TO2 Payment for a Contract Month shall be the sum of all relevant TO2 Milestone Prices that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.
   2. The System Integrator shall be entitled to make an application for payment of a TO2 Milestone Price where it has satisfied the requirements of paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7.
   3. Each TO2 Milestone Price shall be a Firm Price and it shall not be adjusted in accordance with the provisions of paragraph 7 (*Variation of Price*) of Part 2 of this Schedule 7.
   4. The aggregate of each TO2 Milestone Price shall not exceed the Approved TO2 Price.
3. Approved TO3 Payment
   1. The Approved TO3 Payment for a Contract Month shall be the sum of all relevant TO3 Milestone Prices that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.
   2. The System Integrator shall be entitled to make an application for payment of a TO3 Milestone Price where it has satisfied the requirements of paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7.
   3. Each TO3 Milestone Price shall be a Firm Price and it shall not be adjusted in accordance with the provisions of paragraph 7 (*Variation of Price*) of Part 2 of this Schedule 7.
   4. The aggregate of each TO3 Milestone Price shall not exceed the Approved TO3 Price.
4. TO4 Service Fee
   1. The sum of the pro-rata amounts of:
      1. the Core Service Fee;
      2. the Service Support Fee; and
      3. the Training Fee,

due and payable for that Contract Month shall be the “**TO4 Service Fee**” to the extent that the System Integrator demonstrates to the reasonable satisfaction of the Authority’s representative that the System Integrator has supplied to the Authority the relevant Service and/or System Integrator Deliverable in accordance with the Contract.

* 1. Each TO4 Service Fee shall be a Firm Price until the Switch Date, following which each TO4 Service Fee shall be a Fixed Price and shall be adjusted in accordance with the provisions of paragraph 7 (*Variation of Price*) of Part 2 of this Schedule 7.
  2. The System Integrator shall be entitled to make an application for payment of the relevant part of the TO4 Service Fee for each Contract Month following the Full Operating Capability Date in accordance with this Schedule 7.

1. CIC Task Orders
   1. The System Integrator shall be entitled to the Approved CIC Task Order Payment, which shall be the sum of all relevant CIC Tasks that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.
   2. The System Integrator shall be entitled to make an application for payment of a CIC Task Order Price in accordance with paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7 or in accordance with any other requirements as may be included in the Approved CIC Task Order.
   3. Each Approved CIC Task Order shall identify each CIC Task Order Price. Each CIC Task Order Price shall be a Firm Price, unless otherwise Approved by the Authority’s Representative.
   4. The aggregate of each Innovation Milestone Price shall not exceed the applicable Approved CIC Task Order Price for that Approved CIC Task Order.
2. Ad Hoc Task Orders
   1. The System Integrator shall be entitled to the Approved Ad Hoc Task Order Payment, which shall be the sum of all relevant Ad Hoc Task Milestone Prices that reach completion during the Previous Contract Month and that become due and payable for that Contract Month.
   2. The System Integrator shall be entitled to make an application for payment of an Ad Hoc Task Milestone Price in accordance with paragraph 8 (*Task Order Milestones*) of Part 1 of this Schedule 7 or in accordance with any other requirements as may be included in the Approved Task Order.
   3. Each Approved Ad Hoc Task Order shall identify each Ad Hoc Task Milestone Price. Each Ad Hoc Task Milestone Price shall be a Firm Price, unless otherwise Approved by the Authority’s Representative.
   4. The aggregate of each Ad Hoc Task Milestone Price shall not exceed the applicable Approved Ad Hoc Task Price for that Approved Ad Hoc Task Order.
3. Task Order Milestones
   1. Each Approved Task Order shall include a Milestone Payment Plan, unless otherwise Approved by the Authority’s Representative.
   2. Each Milestone Payment Plan shall set out each Milestone for that Approved Task Order.
   3. For each Milestone the Milestone Payment Plan shall include:
      1. a description of the:
         1. Services and the Milestone Deliverables that the System Integrator is required to provide to complete the Milestone Task; and
         2. the Milestone Acceptance Criteria the System Integrator is required to provide to carry out to demonstrate to the Authority’s Representative that the System Integrator has achieved that Milestone Task;
      2. the Milestone Task Price, which shall be a Firm Price, unless otherwise Approved by the Authority’s Representative;
      3. the Milestone Task Target Date; and
      4. any other information reasonably required by the Authority.
   4. An adjustment to a Milestone Payment Plan may be proposed by the Authority or the System Integrator in accordance with Schedule 9 (*Change Procedure*) and the provisions of Schedule 9 (*Change Procedure*) shall apply.

Milestone Task Price

* 1. The aggregate of each relevant Milestone Task Price shall not exceed the relevant Approved Task Order Price.

Certification of Milestone Tasks

* 1. The System Integrator shall give not less than ten (10) Working Days’ written notice (the “**Milestone Completion Notice**”) to the Authority’s Representative of the date when it considers that it has carried out and completed the relevant Milestone Deliverables and that it has achieved the relevant Milestone Acceptance Criteria for a Milestone Task. The Milestone Completion Notice shall include all relevant documentary evidence to demonstrate that the System Integrator has carried out and completed the relevant Milestone Deliverables.
  2. Within twenty (20) Working Days of receipt of the Milestone Completion Notice and its supporting documentary evidence, or such longer period as may be notified by the Authority (acting reasonably), the Authority’s Representative shall review the supporting documentary evidence and shall carry out any inspections and testing necessary to confirm that the System Integrator has completed the relevant Milestone Task Deliverables and that it has achieved the relevant Milestone Acceptance Criteria for a Milestone Task. As soon as practicable, and in any event, within ten (10) Working Days of any such review and inspection, the Authority’s Representative shall either:
     1. certify that the System Integrator has completed the relevant Milestone Deliverables and has achieved the relevant Milestone Acceptance Criteria; or
     2. advise what further:
        1. documentary evidence is required;
        2. works need to be carried out; and/or
        3. what further steps need to be taken,

before the Authority’s Representative can certify that the System Integrator has completed the relevant Milestone Deliverables and has achieved the relevant Milestone Acceptance Criteria,

in accordance with the Contract, the relevant Approved Task Order and/or the relevant Milestone Payment Plan (as the case may be).

* 1. If the Milestone Task is not certified as completed, the procedure set out in paragraphs 8.6 and 8.7 of this Schedule 7 shall be repeated as often as is necessary (but with the notice period being reduced from 10 to 5 Working Days (or such longer period as the Authority may agree) until the relevant Milestone Task is certified as completed. A Milestone Task shall be deemed to have been completed when it has been certified as completed by the Authority’s Representative and the Authority’s Representative issues a Milestone Achievement Certificate.
  2. Unless otherwise Approved by the Authority, no Milestone Task shall be certified as complete by the Authority’s Representative until all preceding Milestones Tasks listed in the Milestone Payment Plan (if any) have been certified as complete and the Authority’s Representative has issued a Milestone Achievement Certificate for such Milestone Tasks.

Application for payment

* 1. The System Integrator shall be entitled to apply for the relevant Milestone Task Price:
     1. subject to paragraph 8.10.2, upon the issue of a Milestone Achievement Certificate in respect of such Milestone Task;
     2. where the issue of the relevant Milestone Achievement Certificate occurs prior to the relevant Milestone Task Target, upon the relevant Milestone Task Target Date or such other earlier date as the Authority may agree (in its sole discretion).
  2. An application relating to a Milestone Task Price shall be supported by:
     1. a statement by the System Integrator of the amount considered to be due and the basis upon which it is calculated including:
        1. a description of the Services and the Milestone Deliverables provided in achieving each Milestone;
        2. the dates on which such Services and Milestone Deliverables were provided;
        3. the relevant Milestone Task Target Date; and
        4. any other information required by the Authority; and
     2. the Milestone Achievement Certificate in respect of the Milestone.
  3. The Authority shall, subject to Clause 17 (*Disputed Amounts*), pay the amount set out in its assessment in accordance with Part 4 (*Price/Costs/Payment*) of the Contract.

1. Exit Costs
   1. When delivering the Exit Plan, the System Integrator shall be entitled to recover its reasonable Exit Costs up to the Exit Price.
   2. Where the System Integrator has satisfied the Exit Requirements, the System Integrator shall submit an invoice to the Authority. The Authority shall, subject to Clause 17 (*Disputed Amounts*), pay such invoice in accordance with Part 4 (Price/Costs/Payment) of the Contract.
   3. The Parties agree that the System Integrator shall not be entitled to payment of any sums in excess of the Exit Price in relation to the performance of the Exit Requirements.
2. Retentions
   1. The Authority shall be entitled to make Retentions from the Monthly Payment in any Contract Month following agreement or determination of the relevant amount in accordance with the provisions of Schedule 4 (*System Integrator Performance Mechanism*).
   2. Without prejudice to paragraph 1.4 of this Schedule 7, the aggregate of any Retentions made from the relevant part of the Monthly Payment in any Contract Month shall not exceed the relevant part of the Monthly Payment that would have been payable to the System Integrator for that Contract Month had no Retentions been applicable in that Contract Month.

**Other Payments Due**

* 1. The Authority shall be entitled to reduce the Monthly Payment to reflect any other sums that are agreed or determined to be payable by the System Integrator to the Authority in respect of this Contract in the Contract Month immediately following such agreement or determination, provided that the Authority’s Representative has notified the System Integrator’s Representative at any time prior to making the relevant deduction.
  2. The Authority shall increase the Monthly Payment to reflect any sums that are agreed or determined to be payable to the System Integrator in respect of this Contract in the Contract Month immediately following such agreement or determination.
  3. The Parties:
     1. may, during the Contract Period and on written notice to the other, carry out a reconciliation to determine the amount of any payments that are due to the Authority and/or the System Integrator (as the case may be) in accordance with this Contract; and
     2. following the Expiry Date or Termination Date (and subject to Clause 79 (*Financial Consequences of Termination*)), carry out a reconciliation to determine the amount of any payments that are due to the Authority and/or the System Integrator (as the case may be) in accordance with this Contract.
  4. The reconciliations referred to in paragraph 10.5, shall take place:
  5. where either Party gives written notice to the other of a requirement for a reconciliation at any time during the Contract Period, at a time to be agreed by the Parties or in the absence of agreement within ten (10) Working Days following the date of receipt of the notice issued by the other Party as referred to paragraph 10.5.2; and/or
  6. in the case of early termination or expiry of this Contract, within ten (10) Working Days of the Termination Date or Expiry Date (as the case may be) or such other date as is agreed by the Parties,
  7. and shall be carried out in accordance with a methodology to be agreed by the Parties or as determined in accordance with paragraph 10.7.
  8. In the event that the Parties fail to agree any matter arising from the conduct of or the conclusion of any matter arising from a reconciliation, either Party may refer such matter for resolution to the Dispute Resolution Procedure.

1. Double Counting
   1. The Parties agree that in the event that the delivery of a Task, Service and/or a System Integrator Deliverable by the System Integrator creates a potential payment under more than one Task Order:
      1. the System Integrator shall only be able to receive payment under a single Task Order for the delivery of that Task, Service and/or System Integrator Deliverable; and
      2. there shall be no double counting in calculating the amounts due for each of the payments set out at paragraphs 1.1.2 to 1.1.11 (inclusive) of Part 1 (*Calculating the Monthly Payment*) of this Schedule 7.
      3. Part 2: The Contract Price
2. Payment of the Monthly Payment
   1. The Authority shall make payment of the Monthly Payment in accordance with the provisions of Part 4 (*Price/Costs/Payment*) of the Contract, provided always that any loading by the Authority of any amount onto CP&F shall not be construed as an acceptance by the Authority that any such sum is due and payable to the System Integrator pursuant to the Contract or otherwise.
   2. The provisions of this Schedule 7 shall apply to determine the Monthly Payment for the relevant Contract Month.
3. Price List
   1. The Pricing Information set out in the Price List is:
      1. a Firm Price until the later of:
         1. the commencement of Contract Year 4; and
         2. the Full Operating Capability Date,

(the “**Switch Date**”); and

* + 1. a Fixed Price from the Switch Date,

as indicated in the Price List.

1. Calculating Task Order Prices and System Integrator Change Proposals
   1. Subject to paragraph 7 (*Variation of Price*) of this Part 2 of Schedule 7 (*Pricing and Payment*), all Task Order Prices and the financial effect of System Integrator Change Proposals shall be calculated by reference to:
      1. the Pricing Information in the Price List (subject always to the provisions of paragraph 4 (*Determining new Pricing Information*) of this Part 2 of Schedule 7, which shall apply in the circumstances described at paragraph 3.2 below); and/or
      2. such other rates and prices which the Authority may agree with the System Integrator.
   2. Where in a Task Order Proposal or a System Integrator Change Proposal (as the case may be) the System Integrator has identified that there is no analogous Pricing Information in the Price List for the whole or any part (as the case may be) of the proposed Task, then the Parties shall seek to agree new Pricing Information as follows:
      1. the Parties shall, within five (5) Working Days of receipt by the Authority of the relevant proposed Task Order Price or a System Integrator Change Proposal (as the case may be), meet to discuss whether there is any sufficiently detailed cost element within the Price List to derive new Pricing Information for the whole or the relevant part (as the case may be) of the proposed Task;
      2. where the Parties:
         1. agree that there is no sufficiently detailed cost element contained within the Price List to derive new Pricing Information; or
         2. fail to agree new Pricing Information,

then the provisions of paragraph 4 (*Determining new Pricing Information*) shall apply to determine the applicable price for the whole or the relevant part (as the case may be) of the proposed Task; and

* + 1. any new Pricing Information agreed or determined pursuant to this paragraph 3.2 and/or paragraph 4 (*Determining new Pricing Information*) shall:
       1. include pricing for all risks associated with the whole or the relevant part (as the case may be) of the proposed Task; and
       2. exclude any costs in respect of which the System Integrator is entitled to recover under any other provision of this Contract.
  1. Where any new Pricing Information is agreed or determined pursuant to this paragraph 3.2 and/or paragraph 4 (*Determining new Pricing Information*), such new Pricing Information:
     1. shall be incorporated into the Price List; and
     2. shall be treated as Pricing Information,

and the Contractor shall Upload a revised Price List to the System Integrator System [\*\*\*and/or the Tiquila System\*\*\*] and such Price List shall apply to the calculation of the costs for the whole or the relevant part (as the case may be) of all subsequent Task Order Proposals and System Integrator Change Proposals and shall be considered a Change for the purposes of Schedule 9 (*Change Procedure*).

1. Determining new Pricing Information
   1. The Pricing Information is contained in the Price List.
   2. In calculating the cost of the provision of any proposed Tasks, the System Integrator shall:
      1. where there is Pricing Information for any proposed:
         1. staff grade and/or role to be utilised in the performance of the proposed Task to be spent by each such staff grade and/or role in performing the proposed Task by the relevant hourly, day or such other rate (as the case may be) for such staff grade and/or role as more particularly set out in the Price List;
         2. deliverable or analogous deliverable to be utilised in the performance of the proposed Task, multiply the number of tasks anticipated to be required by in performing the proposed Task by the relevant deliverable rate for such deliverable as more particularly set out in the Price List; and
         3. spare or equipment or analogous spare or equipment to be utilised in the performance of the proposed Task, multiply the number of spares or items of equipment (as the case may be) anticipated to be required by in performing the proposed Task by the relevant spares or equipment rate for such spare or equipment (as the case may be) as more particularly set out in the Price List; and/or
      2. where there is no Pricing Information for any proposed:
         1. staff grade and/or role to be utilised in the performance of the proposed Task, propose the following in the relevant Task Order Proposal or System Integrator Change Proposal (as the case may be):
            1. the rates for each such proposed staff grade and/or role and the reasons why such rates should apply (including any appropriate comparison with relevant Pricing Information for other staff used on other similar projects for the Authority (subject always to paragraph 4.3.1); and
            2. any other supporting information reasonably required by the Authority (including full career details) to demonstrate that the proposed staff are competent to fulfil the roles and responsibilities allocated to the proposed staff as contemplated in the relevant Task Order Proposal or System Integrator Change Proposal (as the case may be);
         2. deliverable to be provided in the performance of the proposed Task, propose the following in the relevant Task Order Proposal or System Integrator Change Proposal (as the case may be):
            1. the rates for each such deliverable and the reasons why such rates should apply (including any appropriate comparison with deliverables provided on other similar projects for the Authority (subject always to paragraph 4.3.2); and
            2. any other supporting information reasonably required by the Authority; and
         3. spare or equipment to be utilised in the performance of the proposed additional Task, propose the following in the relevant Task Order Proposal or System Integrator Change Proposal (as the case may be):
            1. the rates for each such spare or equipment and the reasons why such rates should apply (including any appropriate comparison with spares or equipment used on other similar projects for the Authority (subject always to paragraph 4.3.3); and
            2. any other supporting information reasonably required by the Authority.
   3. The new Pricing Information of the proposed:
      1. staff shall not exceed the average rate for the relevant grade and/or role of the then current Pricing Information for staff;
      2. deliverable shall not exceed the average rate for similar deliverables of the then current Pricing Information for similar deliverables; and
      3. spare or equipment shall not exceed the average rate for similar spares or equipment of the then current Pricing Information for similar spares or equipment.
   4. The approval by the Authority of the proposed Pricing Information in the Task Order Proposal or System Integrator Change Proposal (as the case may be) by the Authority will result in the proposed Pricing Information becoming the new Pricing Information.
   5. The System Integrator acknowledges that each element of the Pricing Information are the maximum rates that the System Integrator may apply and charge in relation to the performance of the relevant element of a Task and that it may from time to time and on each occasion it is preparing a Task Order Proposal or System Integrator Change Proposal (as the case may be) or otherwise offer discounts from the Pricing Information and any such discounts shall be reflected in the Task Order Proposal or System Integrator Change Proposal (as the case may be).
2. Financial Transparency
   1. The System Integratoragrees that the provisions of this paragraph 5 (*Financial Transparency*) are required to ensure that the System Integratorachieves the following objectives:
      1. for the Authority to be able to understand:
         1. any payment sought from it by the System Integrator including an analysis of the Pricing Information (including the System Integrator’s profit margin), and the time spent by System Integrator in providing the Services and/or System Integrator Deliverables; and
         2. the Price List, any proposed new Pricing Information and/or forecast cost and to have confidence that these are based on justifiable numbers and appropriate forecasting techniques; and
         3. for both Parties to agree the quantitative impact of any Contract Changes that affect ongoing costs and to identify how these could be mitigated and/or reflected in the Price List;
      2. for both Parties to be able to:
         1. review, address issues with and re-forecast progress in relation to the provision of the Services and/or System Integrator Deliverables; and
         2. to challenge each other with ideas for efficiency and improvements; and
      3. to enable the Authority to demonstrate that it is achieving value for money for the tax payer relative to current market prices,

(together the “**Financial Transparency Objectives**”).

* 1. The System Integrator acknowledges the importance to the Authority of the Financial Transparency Objectives and the Authority’s need for complete transparency in the way in which any Firm Price, Milestone Price and/or any element of the Pricing Information is calculated.

1. Adjustments to Firm Prices
   1. Subject to paragraph 7 (*Variation of Price*) of this Part 2 of Schedule 7 (*Pricing and Payment*), the System Integrator agrees that notwithstanding anything to the contrary in this Contract:
      1. the Exit Costs; and/or
      2. the Pricing Information,

shall not be increased during the Contract Period and/or otherwise be subject to adjustment, other than in relation to an approved System Integrator Change Proposal and only where and to the extent that such approved System Integrator Change Proposal (as the case may be) expressly contemplates an increase in the Exit Costs and/or the Pricing Information (as the case may be).

1. Variation of Price
   1. The Parties agree that until the Switch Date, the:
      1. Exit Costs (provided that such costs are incurred after the Switch Date); and
      2. the Pricing Information,

will be FIRM Prices and will not otherwise be subject to adjustment, other than in relation to an approved System Integrator Change Proposal and only where and to the extent that such approved System Integrator Change Proposal (as the case may be) expressly contemplates an increase in the Exit Costs and/or the Pricing Information (as the case may be).

* 1. The Parties agree that from the Switch Date, the:
     1. Exit Costs (provided that such costs are incurred after the Switch Date); and
     2. the Pricing Information,

will be FIXED at Contract Year 1 price levels and shall be varied in accordance with the pricing formula in paragraph 7.4 below.

* 1. For the purposes of:
     1. calculating the Core Service Fee, the In-Service Support Fee and the Training Fee under Task Order 4; and
     2. agreeing Firm Prices for each Ad Hoc Task Order and CIC Task Order,

from the Switch Date to the Expiry Date or the Termination Date (as the case may be), the price formula in paragraph 7.4 below shall apply.

* 1. The pricing formula referred to in paragraphs 7.2 and 7.3 above is as follows:

**V = P(a+b(Oi/O0)) - P**

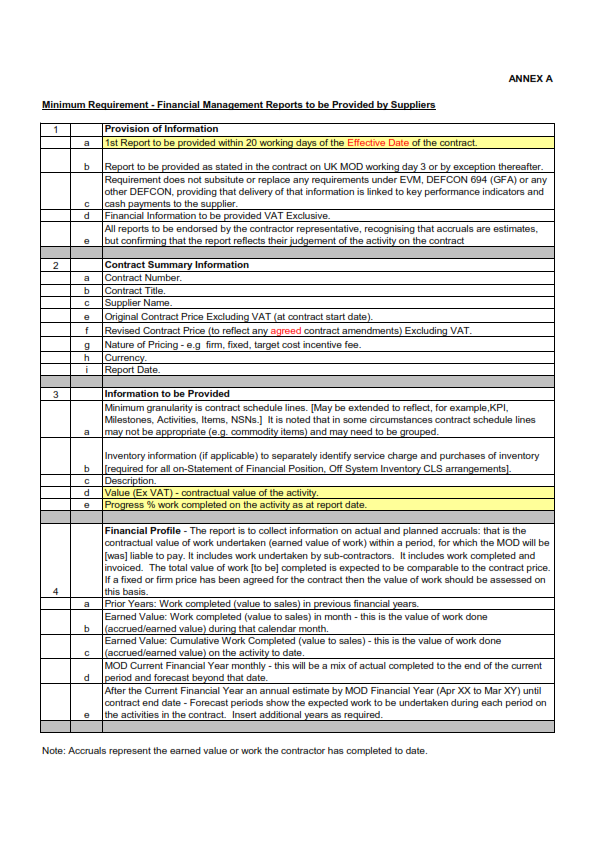
where:

* + 1. **V** is the variation of each item set out in the Pricing Information;
    2. **P** is the Contract Year 1 Firm Price for each item set out in the Pricing Information;
    3. **O0** isthe monthly average of D7BT - Consumer Price Index (“**Index**”) for the period of 12 months prior to the Effective Date;
    4. **Oi** is the monthly average of the Index for the period of 12 months prior to the period for which the variation is being added;
    5. **a** is the non-variable element which shall be 0.1;
    6. **b** is the variable element which shall be 0.9; and
    7. a+b=1.
  1. The Index referred to in paragraph 7.4.3 shall be taken from the following Tables:  OUTPUT Price Index ONS publication MM23: Dataset; Consumer Price inflation time series.
  2. Indices published with a ‘B’ or ‘F’ marker, or a suppressed value, in the last 3 years are not valid for the purpose of this paragraph 7 (*Variation of Price*) 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 System Integrator 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.
  3. 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.
  4. 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 System Integrator 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 paragraph 7.7 above) shall then be applied.
  5. 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.
  6. The System Integrator 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.
  7. Prices shall be adjusted taking into account the effect of the above formula as soon as possible after the start of the contract year. Where an index value is subsequently amended, the Authority and the System Integrator shall agree a fair and reasonable adjustment to the price, as necessary.
     1. Part 3: Payment

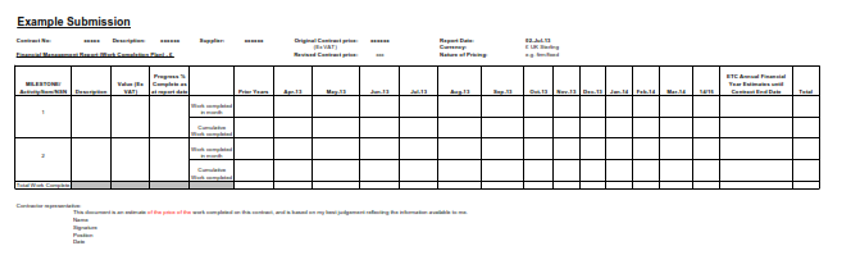
1. **Payment**
   1. In each Contract Month the System Integrator shall submit an invoice in accordance with Clause 15 (*Payment under CP&F*) for the relevant Monthly Payment.
   2. The invoice referred to in paragraph 1.1 shall be prepared by the System Integrator following the Monthly Performance Review Meeting during which the Authority and the System Integrator have discussed the Monthly Performance Report including the System Integrator Deliverables and Milestones (if any) which are the subject of the relevant invoice and the proposed Monthly Payment for the relevant Contract Month and such invoice shall be based on the agreed payment due in respect of the relevant Contract Month, or where the Monthly Performance Report is not agreed and in so far as such disagreement refers to the amount to be paid by the Authority to the System Integrator in respect of the relevant Contract Month, the System Integrator shall submit such invoice as it considers is due and payable and if the Authority disputes such invoice the Authority shall only pay the Authority approved costs and the provisions of Clause 17 (*Disputed Amounts*) shall apply.
   3. Following the resolution of any dispute:
      1. any sums paid by the Authority and which are later agreed or determined to be due to the Authority shall be deducted from the Monthly Payment in the Contract Month immediately following such agreement or determination (as the case may be) in accordance with paragraph 10.3 (*Other Payments Due*) of Part 1 of this Schedule 7; or
      2. any sums withheld by the Authority and which are later agreed or determined to be payable to the System Integrator shall be added to the Monthly Payment in the Contract Month immediately following such agreement or determination (as the case may be) in accordance with paragraph of 10.4 (*Other Payments Due*) of Part 1 of this Schedule 7.
   4. Any payment made by the Authority shall not be construed as acceptance by the Authority of the performance by the System Integrator of the System Integrator Deliverables nor as a waiver of any of the Authority’s rights and remedies either under this Contract or otherwise.
      1. Part 4: Financial Management Information
2. For the purposes of this Part 4 (*Financial Management Information*) of Schedule 7, “**Financial Management Information**” shall mean the value of work completed at a given point in time.
3. As a minimum the System Integrator shall report the Financial Management Information to the Authority as detailed in Annex 1 (*Minimum Requirements – Financial Management Reports to be Provided by Suppliers*) to this Part 4 (*Financial Management Information*) of Schedule 7. The System Integrator shall provide Financial Management Information in the format at Annex 2 (*Example Report*) to this Part 4 (*Financial Management Information*) of Schedule 7 to the addresses specified in this Contract:
   1. within twenty (20) Working Days of the start of the contract;
   2. where applicable, within ten (10) Working Days of the end of a calendar month in which there has been a change that exceeds either 5% of the Contract Price or £250,000.00 (two hundred and fifty thousand pounds) (whichever is the lower) against a contract line item; and
   3. at a frequency specified in the contract and, if unspecified, for contracts with a value of:
      1. £5,000,000.00 (five million pounds) up to under £10,000,000.00 (ten million pounds) = annual reports only;
      2. £10,000,000.00 (ten million pounds) up to under £20,000,000.00 (twenty million pounds) = quarterly reports only; and
      3. £20,000,000.00 (twenty million pounds) and over = monthly reports only.
4. The System Integrator shall retain the Financial Management Information and evidence on activity completed to support the financial management information in accordance with Clause 32 (*The* *System Integrator’s Records*). This evidence must be released to the Authority if requested, within ten (10) Working Days.
   * 1. Annex 1: Price List[[8]](#footnote-9)
     2. Annex 2: Task Orders 1, 2 and 3 Milestone Payment Plan**[[9]](#footnote-10)**
     3. Annex 3: Statement of Requirements[[10]](#footnote-11)

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Schedule of Requirements** | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Items** |  | | **ISF** | **IOC** | **FOC** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** |
|
| **1** | **Task Order 1 iaw Schedule 2 (Obligations of the System Integrator)** | | **Deliverables iaw Milestone Payment Plan** |  |  |  |  |  |  |  |  |  |
| **2** | **Task Order 2 iaw Schedule 2 (Obligations of the System Integrator)** | |  | **Deliverables iaw Milestone Payment Plan** |  |  |  |  |  |  |  |  |
| **3** | **Task Order 3 iaw Schedule 2 (Obligations of the System Integrator)** | |  |  | **Deliverables iaw Milestone Payment Plan** |  |  |  |  |  |  |  |
| **4** | **Task Order 4 iaw Schedule 2 (Obligations of the System Integrator):** | |  |  |  |  |  |  |  |  |  |  |
| **4.1 System Integrator Core Service** | |  |  |  | **Deliverables iaw Schedule 2 Post-FOC and Milestone Payment Plan deliverables** | | | | | | |
| **4.2 System Integrator In-Service Support Management** | |  |  |  | **Deliverables iaw Schedule 2 Post-FOC and Milestone Payment Plan deliverables** | | | | | | |
| **4.3 Training (Train the Trainer and Trainer the Maintainer Courses)** | |  |  |  | **Deliverables iaw Schedule 2** | | | | | | |
| **5** | **Capability Integration Cycle Deliverables (CIC Task Orders)** | |  |  |  | **Deliverables are on an ad-hoc basis iaw Part 5 of Schedule 2 (Obligations of the System Integrator)** | | | | | | |
| **6** | **Ad-Hoc Task Orders iaw Schedule 8 (Ad-hoc Task Order Approval Process)** | | **Deliverables are on an ad-hoc basis** | | | | | | | | | |
| **7** | **Social Value Deliverables** | | **Deliverables are iaw Schedule 18 (Social Value Plans) - such Deliverables will form part of Task Orders 1 to 4 (inclusive)** | | | | | | | | | |
| **8** | **Exit Activities** | | **Deliverables are iaw Schedule 15 (Exit Plan) - such Deliverables will form part of Task Orders 1 to 4 (inclusive)** | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Quantities** | | | | | | | | | |
| **Item** | **Deliverables** | | **ISF** | **IOC** | **FOC** | **Year 4** | **Year 5** | **Year 6** | **Year 7** | **Year 8** | **Year 9** | **Year 10** |
| **Fixed Items** | | | | | | | | | | | | |
| **9** | **Air Platforms - Portable MUAS (iaw Schedule 2 (Obligations of the System Integrator)) including initial spares provisioning and all documentation** | | **77** | **50** | **32** | **Options to procure more at the discretion of the Authority** | | | | | | |
| **10** | **EO/IR Payload Set - Portable MUAS (iaw Schedule 2(Obligations of the System Integrator))** | | **77** | **50** | **32** | **Options to procure more at the discretion of the Authority** | | | | | | |
| **11** | **Additional Spares to be demanded by the Authority on an Ad Hoc basis (iaw Schedule 8 (Ad-hoc Task Order Approval Process))** | | **Options to procure more at the discretion of the Authority** | | | | | | | | | |
| **12** | **Delivery of In-Service Support to support Items 9 and 10 above (iaw Schedule 2 (Obligations of the System Integrator))** | | **77** | **127** | **159** | **159** | **159** | **159** | **159** | **159** | **159** | **159** |
| **13** | **Air Platforms - Packable MUAS (iaw Schedule 2 (Obligations of the System Integrator)) including initial spares provisioning and all documentation** | | **37** | **60** | **8** | **Options to procure more at the discretion of the Authority** | | | | | | |
| **14** | **EO/IR Payload Set - Packable MUAS (iaw Schedule 2 (Obligations of the System Integrator))** | | **37** | **60** | **8** | **Options to procure more at the discretion of the Authority** | | | | | | |
| **15** | **Additional Spares to be demanded by the Authority on an Ad Hoc basis (iaw Schedule 8 (Ad-hoc Task Order Approval Process))** | | **Options to procure more at the discretion of the Authority** | | | | | | | | | |
| **16** | **Delivery of In-Service Support to support Items 13 and 14 above (iaw Schedule 2 (Obligations of the System Integrator))** | | **37** | **97** | **105** | **105** | **105** | **105** | **105** | **105** | **105** | **105** |
| **17** | **Training the Trainer personnel (iaw Schedule 2 (Obligations of the System Integrator))** | | **20** | **20** | **-** |  |  |  |  |  |  |  |
| **18** | **Training the Maintainer personnel (iaw Schedule 2 (Obligations of the System Integrator))** | | **20** | **20** | **20** | **20** | **20** | **20** | **20** | **20** | **20** | **20** |
| **19** | **Ground Control Stations (Common Port'/Pack' Solution) (iaw Schedule 2 (Obligations of the System Integrator))** | | **47** | **10** | **24** | **48** |  |  |  |  |  |  |
| **Options to buy Additional Items** | | | | | | | | | | | | |
| **20** | **Air Platforms - Portable MUAS (iaw Schedule 2 (Obligations of the System Integrator)) including any spares provisioning and all documentation** | | **At the Authority's Discretion** | | | | | | | | | |
| **21** | **EO/IR Payload Set - Portable MUAS (iaw Schedule 2 (Obligations of the System Integrator))** | | **At the Authority's Discretion** | | | | | | | | | |
| **22** | **Additional Spares to be demanded by the Authority on an Ad Hoc basis (iaw Schedule 8 (Ad-hoc Task Order Approval Process))** | | **At the Authority's Discretion** | | | | | | | | | |
| **23** | **Delivery of In-service Support to support Items 16 and 17 above (iaw Schedule 2 (Obligations of the System Integrator))** | | **At the Authority's Discretion** | | | | | | | | | |
| **24** | **Air Platforms - Packable MUAS (iaw Schedule 2 (Obligations of the System Integrator)) including initial spares provisioning and all documentation** | | **At the Authority's Discretion** | | | | | | | | | |
| **25** | **EO/IR Payload Set - Packable MUAS (iaw Schedule 2 (Obligations of the System Integrator))** | | **At the Authority's Discretion** | | | | | | | | | |
| **26** | **Additional Spares to be demanded by the Authority on an Ad Hoc basis (iaw Schedule 8 (Ad-hoc Task Order Approval Process))** | | **At the Authority's Discretion** | | | | | | | | | |
| **27** | **Delivery of In-service Support to support Items 20 and 21 above (iaw Schedule 2 (Obligations of the System Integrator))** | | **At the Authority's Discretion** | | | | | | | | | |
| **28** | **Training the Trainer personnel (iaw Schedule 2 (Obligations of the System Integrator))** | | **At the Authority's Discretion** | | | | | | | | | |
| **29** | **Training the Maintainer personnel (iaw Schedule 2 (Obligations of the System Integrator))** | | **At the Authority's Discretion** | | | | | | | | | |
| **30** | **Ground Control Stations (Common Port'/Pack' Solution) (iaw Schedule 2 (Obligations of the System Integrator))** | | **At the Authority's Discretion** | | | | | | | | | |

* + 1. Annex 4: Annex A



* + 1. Annex 5: Annex B



1. 1. Ad Hoc Task Order Approval Process
   2. In accordance with Clause 4.3 (*Ad Hoc Task Order Approval Process*), the Authority may require the System Integrator to provide Ad Hoc Task Orders using the process detailed in this Schedule 8.
   3. The System Integrator shall not commence any Ad Hoc Task Order prior to the receipt of formal, written authorisation of the Ad Hoc Task Order evidenced by the signature and dating of Part C of the Ad Hoc Tasking Form by the Authority’s Project Officer and Commercial Officer and the provision of a unique reference number for the Ad Hoc Task Order.
   4. Unless specifically authorised in writing in advance by the Authority’s Commercial Officer:
      1. any work and/or services undertaken prior to the receipt of formal authorisation of an Ad Hoc Task Order shall be at the System Integrator’s own risk; and
      2. the Authority will not pay the System Integrator for any work and/or services completed in advance of an authorised Ad Hoc Task Order.
   5. The requirement for any Ad Hoc Task Order shall be defined by the Authority’s Project Officer by completing Part A of the Ad Hoc Tasking Form. If required by the Authority, the System Integrator shall work with the Authority’s Project Officer to assist with the development of Part A of the Ad Hoc Tasking Form. The Authority’s Commercial Officer shall authorise Part A of the Ad Hoc Tasking Form and forward the Ad Hoc Tasking Form to the System Integrator for completion by the System Integrator.
   6. For the purposes of identifying individual Ad Hoc Task Orders, the Authority will allocate a discrete sequential reference number to each Ad Hoc Task Order, which the System Integrator shall use.
   7. Within twenty (20) Working Days of receipt of the Ad Hoc Tasking Form, or such other period otherwise agreed by both Parties, the Parties shall agree a firm date for the return of Part B of the Ad Hoc Tasking Form. The System Integrator shall return Part B of the Ad Hoc Tasking Form and any supporting documents by such firm date or such other date as agreed by the Parties. Such Part B and supporting documents shall constitute the System Integrator’s proposal (an “**Ad Hoc** **Task Order** **Proposal**”).
   8. The System Integrator shall:
      1. price all Ad Hoc Task Order Proposals in accordance with Schedule 7 (*Pricing and Payment*); and
      2. provide details of whole life costs for Articles and ongoing costs required by any change to the Services, provided that such costs shall be based on the hourly rates and pre-agreed prices set out in Schedule 7 (*Pricing and Payment*);
      3. The System Integrator acknowledges and accepts that if, at any time prior to the Authority approving an Ad Hoc Task Order pursuant to paragraph 1.10, the Authority concludes that the Ad Hoc Task Order Proposal does not sufficiently satisfy the Authority’s requirements in relation to the engagement of SMEs, the Authority shall not be obliged to proceed any further in respect of such Ad Hoc Task Order Proposal.
   9. The System Integrator shall price all Ad Hoc Task Order Proposals in accordance with Schedule 7 (*Pricing and Payment*).
   10. Disagreements relating to an Ad Hoc Task Order Proposal shall be dealt with in accordance with Clause 95 (*Dispute Resolution*).
   11. If the Authority agrees with an Ad Hoc Task Order Proposal, the Authority’s Project Officer and Commercial Officer shall complete Part C of the Ad Hoc Tasking Form and the Authority’s Commercial Officer shall forward the Ad Hoc Tasking Form to the System Integrator.
   12. The System Integrator shall complete the Ad Hoc Task Order. On completion of the Ad Hoc Task Order, the System Integrator's Commercial Officer shall submit Part D of the Ad Hoc Tasking Form to the Authority’s Project Officer together with such evidence of completion of the Ad Hoc Task Order as the Authority shall reasonably request.
   13. The System Integrator shall give not less than twenty (20) Working Days’ notice to the Authority’s Representative of the date when it considers an Ad Hoc Task Order will be completed and the Authority’s Representative shall, within such twenty (20) Working Days or longer notice period carry out any inspections and testing necessary to confirm that the relevant Ad Hoc Task Order has been achieved. As soon as practicable, and in any event, within ten (10) Working Days of any such inspection, the Authority’s Representative shall either:
       1. certify that the relevant Ad Hoc Task Order has been completed; or
       2. advise the System Integrator what further works need to be carried out or what further steps need to be taken before the relevant Ad Hoc Task Order can be certified as being complete.
   14. If the Ad Hoc Task Order is not certified as completed, the procedure set out in paragraph 1.12 of this Schedule 8 shall be repeated as often as is necessary (but with the notice period being reduced from twenty (20) to five (5) Working Days) until the relevant Ad Hoc Task Order is certified as completed. An Ad Hoc Task Order shall be deemed to have been completed when it has been certified as completed by the Authority’s Representative and the Authority’s Representative issues Part E of the Ad Hoc Tasking Order Form.
   15. Provided that the Authority’s Project Officer has provided acknowledgement of completion to the System Integrator and the Authority’s Commercial Officer has given the System Integrator authorisation (or provided that the System Integrator has completed a milestone where the Ad Hoc Tasking Form includes milestone payments), the System Integrator may submit a claim for payment in accordance with Clause 15 (*Payment under C, P & F*) and paragraph 7 of Part 1 of Schedule 7 (*Pricing and Payment*) and the Authority shall pay such claim. Notwithstanding the acknowledgement of completion by the Authority’s Commercial Officer, the Authority reserves its rights and remedies under this Contract including Clause 7 (*System Integrator’s Warranties and Obligations*).
   16. Task Orders which have been authorised by completion of Part C of the Ad Hoc Tasking Form will be formally added to Annex 1 (*List of Authorised Task Orders*) of this Schedule 8 when the next amendment to this Contract is raised or on a 6-monthly basis, whichever occurs first.
   17. In addition to the Authority’s rights of termination under this Contract, the Authority may terminate any Task Order in accordance with clause 78 (*Termination for Convenience*) and the Authority may require the System Integrator to furnish a report setting out the work done to the date of termination and the work outstanding under the Task Order.
       1. Annex 1: Approved Ad Hoc Task Orders

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Task Order Reference Number** | **Task Order Name** | **Status** | **Start Date** | **End Date** | **[Firm] Price** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  | | | | **TOTAL** |  |

* + 1. Annex 2: Ad Hoc Task Order Template

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Part A. Tasking Form** | | | | | | |
| Contract Number: |  | | | | | |
| Task Order Reference Number: |  | | Request Date: | |  | |
| Task Order Title: |  | | | | | |
| Task Order Proposal due date: |  | | | | | |
| Project Start: |  | | Project Finish: | |  | |
| Milestones: |  | | | | | |
| Milestone Payments: |  | | | | | |
| **Statement of Requirement** | | | | | | |
| *The Authority shall submit the Part A with an accompanying Authority Statement of Requirement in the template agreed between the Parties at the latest version.*  *Minimum SOR Requirements:*   1. Task number and name 2. A/C applicability 3. Priority 4. Summary of requirement 5. GFX 6. Task Categorisation 7. Key programme desired dates 8. Deliverables | | | | | | |
| **Part A. Authorisation of Task Order** | | | | | | |
| Authority’s Project Officer Task Order Requirement issued by the Authority | | | Signed: | |  | |
| Dated: | |  | |
| Authority’s Commercial Officer  Task Order Requirement issued by the Authority | | | Signed: | |  | |
| Dated: | |  | |
| **Part B. System Integrator’s Proposal** | | | | | | |
| The work as described in Part A is submitted for Authority authorisation against the following criteria:   1. Hours/ Days to complete requirement 2. Hours/ Day Rates 3. Materials at Cost used (provide NSN if applicable) 4. Enabling Contractor Costs 5. T&S 6. Freight Costs 7. Spares Costs 8. Other Costs *(used to recover overhead costs not otherwise recovered through the activity-based hourly and daily rates)* 9. Contract Profit Rate for the Task Order 10. Risk *(providing evidence/risk register)* 11. SG&A *(providing evidence of SG&A breakdown)* 12. Acceptance criteria for the Task Order 13. Details of the Pricing Breakdown | | | | | | |
| Total Price: | |  | | | | |
| Proposal Validity Date: | | *[Must be valid for a minimum of 3 months]* | | | | |
| Estimated Start Date: | |  | | | | |
| Estimated Completion Date: | |  | | | | |
| Milestones: | |  | | | | |
| Milestone Payments: | |  | | | | |
| Comments/Assumptions: | |  | | | | |
| **Part B. System Integrator Authorisation** | | | | | | |
| System Integrator Authorisation  Authorised on behalf of the System Integrator | | | | Signed: | |  |
| Dated: | |  |
| **Part C. Authority Authorisation** | | | | | | |
| Authority’s Project Officer  Task Order authorised on behalf of the Authority | | | Signed: | |  | |
| Dated: | |  | |
| Authority’s Commercial Officer  Task Order authorised on behalf of the Authority | | | Signed: | |  | |
| Dated: | |  | |
| **Part D. Completion of Task Order** | | | | | | |
| System Integrator Authorisation  Authorised by the System Integrator to confirm Task Order has been completed | | | Signed: | |  | |
| Dated: | |  | |
| **Part E. Task Achievement Certificate** | | | | | | |
| Authority’s Project Officer  Authorised to confirm the Task Order has been completed | | | Signed: | |  | |
| Dated: | |  | |
| Authority’s Commercial Officer  Authorised to confirm that the System Integrator may submit a claim for payment | | | Signed: | |  | |
|  | | | Dated: | |  | |
| Purchase Order: (GBP) | | | *[PO Number]* | | | |
| Purchase Order: (USD) | | | *[PO Number]* | | | |

1. 1. Change Procedure
      1. Part 1: Change Procedure
2. Change Procedure
   1. Subject to paragraph 1 of Part 2 (*Agile Trading Change*) of this Schedule, changes to this Contract shall be the subject of an amendment to this Contract issued and accepted in accordance with paragraph 2 of Part 1 (*Change Procedure*) of this Schedule.
   2. The System Integrator shall use a configuration control system to control changes to the Specification, as defined in paragraph 2.3.1 of Part 1 (*Change Procedure*) of this Schedule. The configuration control system shall be compatible with ISO 9001 (latest published version) or as specified in this Contract.
   3. For the avoidance of doubt, any changes to the Specification under the provisions of paragraph 2.3.1 of Part 1 (*Change Procedure*) of this Schedule will be classed as a minor change and all other changes under paragraph 2 of Part 1 (*Change Procedure*) of this Schedule shall be classed as a formal change.
3. Formal Amendments to this Contract
   1. This Contract may only be amended by the written agreement of the Parties (or their duly authorised representatives acting on their behalf). Such written agreement shall consist of:
      1. Authority Notice of Change under paragraph 4 of Part 1 (*Change Procedure*) of this Schedule (where used);
      2. the Authority's offer set out in a serially numbered amendment letter issued by the Authority to the System Integrator; and
      3. the System Integrator's unqualified acceptance of such offer as evidenced by the System Integrator's duly signed DEFFORM 10B.
   2. Where the Authority wishes to amend this Contract to incorporate any work that is unpriced at the time of the amendment, the Authority shall have the right to settle with the System Integrator a price for such work under the terms of DEFCON 643 (*Price Fixing (Non-qualifying Contracts*). Where DEFCON 643 is used, the System Integrator shall make all appropriate arrangements with all of its Sub-Contractors affected by the Change or Changes in accordance with clause 5 of DEFCON 643.
   3. Changes to the Specification
      1. For the purposes of this Contract "**the Specification**" shall include any document or item which, individually or collectively, is referenced in Schedule 2 (*Obligations of the System Integrator*). The Specification forms part of this Contract and all System Integrator Deliverables to be supplied by the System Integrator under this Contract shall conform in all respects with the Specification.
4. Authority Changes
   1. The Authority shall be entitled to propose any change to this Contract (a "**Change**") or (subject to paragraph 3.2 of Part 1 (*Change Procedure*) of this Schedule) Changes in accordance with paragraph 4 (*Notice of Change*) of Part 1 (*Change Procedure*) of this Schedule.
   2. Nothing in this Part 1 (*Change Procedure*) of this Schedule shall operate to prevent the Authority from specifying more than one (1) Change in any single proposal, provided that such changes are related to the same or similar matter or matters.
5. Notice of Change
   1. If the Authority wishes to propose a Change or Changes, it shall serve a written notice (an "**Authority Notice of Change**") on the System Integrator.
   2. The Authority Notice of Change shall set out the Change(s) proposed by the Authority in sufficient detail to enable the System Integrator to provide a written proposal (a "**System Integrator Change Proposal**") in accordance with paragraph 5 of Part 1 (*Change Procedure*) of this Schedule.
   3. The System Integrator may only refuse to implement a Change or Changes proposed by the Authority, if such change(s):
      1. would, if implemented, require the System Integrator to deliver any System Integrator Deliverables under this Contract in a manner that infringes any applicable law relevant to such delivery; and/or
      2. would, if implemented, cause any existing consent obtained by or on behalf of the System Integrator in connection with their obligations under this Contract to be revoked (or would require a new necessary consent to be obtained to implement the Change(s) which, after using reasonable efforts, the System Integrator has been unable to obtain or procure and reasonably believes it will be unable to obtain or procure using reasonable efforts); and/or
      3. would, if implemented, materially change the nature and scope of the requirement (including its risk profile) under this Contract; and
      4. the System Integrator notifies the Authority within 10 (ten) Working Days (or such longer period as shall have been agreed in writing by the Parties) after the date of the Authority Notice of Change that the relevant proposed Change or Changes is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule, providing written evidence for the System Integrator's reasoning on the matter; and
      5. further to such notification:
         1. either the Authority notifies the System Integrator in writing that the Authority agrees, or (where the Authority (acting reasonably) notifies the System Integrator that the Authority disputes the System Integrator's notice under paragraph 4.3.4 of Part 1 (*Change Procedure*) of this Schedule) it is determined in accordance with Clause 95 (*Dispute Resolution*), that the relevant Change(s) is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule; and
         2. (where the Authority either agrees or it is so determined that the relevant Change(s) is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule) the Authority fails to make sufficient adjustments to the relevant Authority Notice of Change (and issue a revised Authority Notice of Change) to remove the System Integrator's grounds for refusing to implement the relevant Change under paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule within 10 (ten) Working Days (or such longer period as shall have been agreed in writing by the Parties) after:
            1. the date on which the Authority notifies in writing the System Integrator that the Authority agrees that the relevant Change(s) is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule); or
            2. the date of such determination.
   4. The System Integrator shall at all times act reasonably, and shall not seek to raise unreasonable objections, in respect of any such adjustment.
6. System Integrator Change Proposal
   1. As soon as practicable, and in any event within:
      1. (where the System Integrator has not notified the Authority that the relevant Change or Changes is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule in accordance with paragraph 4.3 of Part 1 (*Change Procedure*) of this Schedule) fifteen (15) Working Days (or such other period as the Parties agree (acting reasonably) having regard to the nature of the Change(s)) after the date on which the System Integrator shall have received the Authority Notice of Change; or
      2. (where the System Integrator has notified the Authority that the relevant Change or Changes is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule in accordance with paragraph 4.3 of Part 1 (*Change Procedure*) of this Schedule and:
         1. the Authority has agreed with the System Integrator's conclusion so notified or it is determined under Clause 95 (*Dispute Resolution*) that the relevant Change(s) is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule and the Authority has made sufficient adjustments to the relevant Authority Notice of Change (and issued a revised Authority Notice of Change(s)) to remove the System Integrator's grounds for refusing to implement the relevant Change(s) under paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule) fifteen (15) Working Days (or such other period as the Parties shall have agreed (both Parties acting reasonably) having regard to the nature of the Change(s)) after the date on which the System Integrator shall have received such revised Authority Notice of Change; or
         2. the Authority has disputed such conclusion and it has been determined in accordance with Clause 95 (*Dispute Resolution*) that the relevant Change(s) is/are not a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule) fifteen (15) Working Days (or such other period as the Parties shall have agreed (both Parties acting reasonably) having regard to the nature of the Change(s)) after the date of such determination,

the System Integrator shall deliver to the Authority a System Integrator Change Proposal. For the avoidance of doubt, the System Integrator shall not be obliged to deliver to the Authority a System Integrator Change Proposal where the System Integrator notifies the Authority, and the Authority agrees or it is determined further to such notification in accordance with paragraph 4.3 of Part 1 (*Change Procedure*) of this Schedule, that the relevant Change or Changes is/are a Change(s) falling within the scope of paragraphs 4.3.1, 4.3.2 and/ or 4.3.3 of Part 1 (*Change Procedure*) of this Schedule.

* 1. The System Integrator Change Proposal shall comprise in respect of each and all Change(s) proposed:
     1. the effect of the Change(s) on the System Integrator’s obligations under this Contract;
     2. a detailed breakdown of any costs which result from the Change(s);
     3. the programme for implementing the Change(s);
     4. any amendment required to this Contract as a result of the Change(s); and
     5. such other information as the Authority may reasonably require.
  2. The price for any Change(s) shall be based on the prices (including rates) already agreed for this Contract and shall include, without double recovery, only such charges that are fairly and properly attributable to the Change(s).

1. System Integrator Change Proposal – Process and Implementation
   1. As soon as practicable after the Authority receives a System Integrator Change Proposal, the Authority shall:
      1. evaluate the System Integrator Change Proposal; and
      2. where necessary, discuss with the System Integrator any issues arising (and (in relation to a Change(s) proposed by the Authority) following such discussions the Authority may modify the Authority Notice of Change) and the System Integrator shall as soon as practicable, and in any event not more than ten (10) Working Days (or such other period as the Parties shall have agreed in writing) after receipt of such modification, submit an amended System Integrator Change Proposal.
   2. As soon as practicable after the Authority has evaluated the System Integrator Change Proposal (amended as necessary) the Authority shall:
      1. either indicate its acceptance of the System Integrator Change Proposal by issuing a serially numbered amendment letter in accordance with paragraph 2 (*Formal Amendments to this Contract*) of Part 1 (*Change Procedure*) of this Schedule, whereupon the System Integrator shall promptly issue to the Authority the System Integrator's DEFFORM 10B indicating their unqualified acceptance of such amendment in accordance with, and otherwise discharge their obligations under, paragraph 2 (*Formal Amendments to this Contract*) of Part 1 (*Change Procedure*) of this Schedule and implement the relevant Change(s) in accordance with such proposal; or
      2. serve a notice on the System Integrator rejecting the System Integrator Change Proposal and withdrawing (where issued in relation to a Change or Changes proposed by the Authority) the Authority Notice of Change (in which case such notice of change shall have no further effect).
   3. If the Authority rejects the System Integrator Change Proposal, it shall not be obliged to give its reasons for such rejection.
   4. The Authority shall not be liable to the System Integrator for any additional work undertaken or expense incurred in connection with the implementation of any Change(s), unless a System Integrator Change Proposal has been accepted by the Authority in accordance with paragraph 6.2.1 of Part 1 (*Change Procedure*) of this Schedule and then subject only to the terms of the System Integrator Change Proposal so accepted.
   5. The financial effect of a System Integrator Change Proposal shall be calculated in accordance with Part 2 of Schedule 7 (*Pricing & Payment*).
2. System Integrator Changes
   1. If the System Integrator wishes to propose a Change or Changes, they shall serve a System Integrator Change Proposal on the Authority. Such proposal shall be prepared and reviewed in accordance with and otherwise be subject to the provisions of paragraphs 5.2 to 6.4 of Part 1 (*Change Procedure*) of this Schedule (inclusive).
      1. Part 2: Agile Trading Change
3. Agile Trading Change
   1. The Parties may, from time to time, agree (both acting reasonably) that any:
      1. Priority 1 SR;
      2. Priority 2 SR; and/or
      3. Priority 3 SR,

(together the “**Agile Trading Requirements**”) may be reconfigured to add, remove or otherwise change any Agile Trade Requirement (“**Agile Trading Change**”).

* 1. The Parties agree that no Mandatory SR and/or Key SR shall be subject to an Agile Trading Change and any change to a Mandatory SR and/or a Key Requirement shall be carried out pursuant to Part 1 (*Change Procedure*) of this Schedule 9 in order for such change to be effective for the purposes of this Contract.
  2. If a Mandatory SR and/or a Key SR is reconfigured or changed pursuant to an Agile Trading Change:
     1. the System Integrator carries out such reconfiguration and/or change at its own risk;
     2. this shall not amount to a waiver of any right or remedy of the Authority under this Contract; and
     3. the System Integrator shall not be entitled to rely on any approval or consent issued by or on behalf of the Authority’s Representative for such Agile Trading Change.
  3. The System Integrator may provide the Authority’s Representative with one or more proposed solutions for any part of the Agile Trading Requirements (“**Proposed Agile Trading Change**”). The Authority’s Representative may also propose solutions for any part of the Agile Trading Requirements. The System Integrator shall incorporate the Authority’s Representative’s proposed solutions in a Proposed Agile Trading Change together with any other information the Parties consider is necessary to enable the Authority’s Representative to decide whether to elect any part of the Proposed Agile Trading Change.
  4. The System Integrator shall ensure that each Proposed Agile Trading Change shall address each of the Authority’s requirements set out or referred to in the SRD (or otherwise contained in Schedule 2 (*Obligations of the System Integrator*)).
  5. Upon receipt of a Proposed Agile Trading Change, the Authority may, at its sole discretion, elect which part of the Proposed Agile Trading Change it wishes to pursue (if any), which it is acknowledged, may result in the Authority trading one or more of the Agile Trading Requirements set out or referred to in the SRD (or otherwise contained in Schedule 2 (*Obligations of the System Integrator*)).
  6. The Parties agree that each Agile Trading Change and each Proposed Agile Trading Change shall be limited to the Agile Trading Requirements and shall not include a Mandatory SR and/or a Key SR.
  7. The System Integrator confirms to the Authority:
     1. any election made by or on behalf of the Authority referred to in paragraph 1.6 of Part 2 (*Agile Trading Change*) of this Schedule 9 shall not:
        1. result in a reconfiguration and/or change to any Mandatory SR and/or Key SR;
        2. qualify and/or amend the SRD (or otherwise contained in Schedule 2 (*Obligations of the System Integrator*));
        3. give rise to a Moderation;
        4. entitle the System Integrator to claim or recover any:
           1. additional payment, compensation or otherwise from the Authority; and/or
           2. relief from the performance of the System Integrator’s obligations under this Contract;
        5. increase the Authority’s obligations and/or liabilities under (and/or arising out of or in connection with) this Contract; and/or
        6. adjust any date set out in any Milestone Plan and/or Approved Task Order (as the case may be);
        7. give rise to an Authority Change; and/or
        8. limit and/or exclude (and/or give rise to any relief from and/or any additional payment in respect of) the System Integrator’s obligations and/or liabilities under this Contract; and
     2. that following any election by or on behalf of the Authority, update the SRD and any other relevant Critical Documents to reflect such election within 10 Working Days of such election and within 10 Working Days of such election Upload such updated SRD and any other relevant Critical Documents.

1. Governance of Agile Trading Change
   1. Notwithstanding any other provision of this Contract and without prejudice to the other provisions of this Schedule 9, the Parties agree that any Proposed Agile Trading Change shall take effect only where:
      1. for a Proposed Agile Trading Change which relates to a Priority 1 SR, the Agile Trade Approval Certificate is signed by the Authority’s representative nominated in Box 1 of DEFFORM 111;
      2. for a Proposed Agile Trading Change which relates to a Priority 2 SR, the Agile Trade Approval Certificate is signed by [the Authority’s representative nominated in Box 1 of DEFFORM 111 and
      3. for a Proposed Agile Trading Change which relates to a Priority 3 SR, the Agile Trade Approval Certificate is signed by the Authority’s representative nominated in Box 1 of DEFFORM 111.
   2. If the System Integrator proceeds with a Proposed Agile Trading Change, without obtaining the approval and signature set out in paragraph 2 of this Part 2 of Schedule 9 (*Change Procedure*), the System Integrator is deemed to proceed at its own risk and this shall not amount to a waiver of any right or remedy of the Authority under this Contract.
   3. Where the System Integrator considers that a Proposed Agile Trading Change would amount and/or give rise to a Change, the System Integrator shall, when making a Proposed Agile Trading Change, notify the Authority’s Representative of the same. If it is agreed by the Parties or determined pursuant to the Dispute Resolution Procedure that a Change would arise if the Proposed Agile Trading Change was implemented, then such Change shall be dealt with in accordance with Part 1 (*Change Procedure*) of this Schedule 9.
   4. Any failure by the System Integrator to notify the Authority’s Representative that a Proposed Agile Trading Change would amount and/or give rise to a Change shall constitute an irrevocable acceptance by the System Integrator that the implementation of such Proposed Agile Trading Change shall be without cost to the Authority and without any further relief for the System Integrator.
      1. Annex 1: Agile Trade Approval Certificate Template

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Proposed Agile Trading Change** | | | | | |
| **Contract Number:** | UAS/00106 | | | | |
| **Proposed Agile Trading Change Reference Number:** |  | | **Request Date:** | |  |
| **System Requirement**: | *[Insert ref from Schedule 2, eg. to a specific section of Part 4 (the SOW)]* | | **Priority 1/2/3 SR:** | | *[insert relevant SR priority level]* |
| **Summary of Proposed Agile Trading Change:** |  | | | | |
| The System Integrator confirms that the Proposed Agile Trading Change:   * does not include a Mandatory Requirement and/or Key System Requirement; and | | Signed: | |  | |
| * shall not result in or give rise to any of the matters set out in paragraph 1.8 of Part 2 of Schedule 9 | | Dated: | |  | |
| Authority’s Commercial Officer  Agile Trading Change approved on behalf of the Authority | | Signed: | |  | |
| Dated: | |  | |

1. 1. Required Insurances
2. Third Party Liability Insurance
   1. Insured
      1. The “Insured” is the System Integrator.
   2. Interest
      1. Other than in respect of any claims or losses for which the Authority will indemnify under this Contract, the System Integrator shall indemnify the Insured (as set out in paragraph 1.1.1 (*Insured*)) in respect of all sums that the Insured (as set out in paragraph 1.1.1 (*Insured*)) may become legally liable (whether under contract, tort or otherwise) to pay as damages (including claimants' costs and expenses) in respect of accidental:
         1. death or bodily injury to, or sickness, or illness or disease contracted by any person; and
         2. loss of or damage to property,

happening during the period of insurance (as set out in paragraph 1.5 of this Schedule 10) and arising out of or in connection with this Contract.

* 1. Limit of indemnity
     1. The limit of indemnity is not less than ten million pounds (£10,000,000) in respect of any one occurrence, or series of occurrences arising out of one (1) event, the number of occurrences being unlimited in any annual policy period, but ten million pounds (£10,000,000) in the aggregate per annum in respect of products liability (to the extent insured by the relevant policy) and pollution liability (to the extent insured by the relevant policy).
  2. Territorial limits
     1. The territorial limits are as determined by the requirements of this Contract.
  3. Period of insurance
     1. The period of insurance is from the date of this Contract for the duration of this Contract and renewable on an annual basis unless agreed otherwise with the Authority.
  4. Cover features and extensions
     1. The cover features and extensions are:
        1. legal costs in addition to the limit of indemnity; and
        2. indemnity to principals clause or additional insured equivalent under which the Authority shall be indemnified in respect of claims made against the Authority arising from death or bodily injury and/or third party property damage for which the System Integrator is legally liable under this Contract.
  5. Principal exclusions
     1. The principal exclusions shall be:
        1. war and related perils exclusion;
        2. nuclear and/or radioactive risks exclusion;
        3. liability for death, illness, disease or bodily injury sustained by employees of the Insured (as set out in paragraph 1.1.1 (*Insured*)) arising out of the course of their employment;
        4. liability arising out of the use of mechanically propelled vehicles whilst required to be compulsorily insured by legislation in respect of such vehicles;
        5. liability in respect of predetermined penalties or liquidated damages imposed under this Contract;
        6. liability arising out of technical or professional advice other than in respect of death or bodily injury to persons or damage to third party property;
        7. liability arising from pollution and contamination unless caused by a sudden, unintended, unexpected and accidental occurrence.
        8. cyber liability exclusion; and
        9. asbestos and/or toxins.
  6. Maximum deductible threshold
     1. The maximum deductible threshold shall not exceed [£•[[11]](#footnote-12)] for each occurrence in respect of loss of or damage to third party property.
  7. Compulsory insurances (including employers liability insurance and motor vehicle third party liability insurance)
     1. Throughout the period of insurance (as set out in paragraph 1.5 of this Schedule 10), the System Integrator shall:
        1. meet United Kingdom and other relevant territory statutory insurance obligations in full; and
        2. take out and maintain any insurances that are required to comply with all statutory requirements relating to this Contract including, but not limited to, United Kingdom employers liability and motor third party liability insurances,

(the “**Compulsory Insurances**”).

* + 1. As appropriate, the employers liability insurance shall extend to include any relevant offshore work in connection with this Contract.
    2. All Compulsory Insurances shall contain an indemnity to principals clause or additional insured equivalent.

1. 1. IPR
      1. Part 1: Intellectual Property Rights
2. Ownership of IPR
   1. Subject to any existing rights of the Authority or any third party, and with the exceptions of the System Integrator Deliverables as set out in in Annex 1 (*Deliverables to which Part 3 (Intellectual Property Rights Vesting in the Authority)* *of Schedule 11 (IPR) applies)* to this Schedule 11 or otherwise identified as vesting in the Authority, the ownership of IPR in Technical Data and any other IPR generated by the System Integrator in the course of work under this Contract shall, as between the Authority and the System Integrator, belong to the System Integrator.
3. Rights in Technical Data
   1. Unlimited Rights
      1. The Authority shall have a royalty-free, worldwide, non-exclusive, perpetual and irrevocable Unlimited Rights licence for all Technical Data, which is a System Integrator Deliverable, or has otherwise been delivered to the Authority as part of the work carried out under this Contract, and has been generated under this Contract but not listed in Annex 1 (*Deliverables to which Part 3 (Intellectual Property Rights Vesting in the Authority) of* Schedule 11 *(IPR) applies)* to this Schedule 11.
      2. Notwithstanding the provisions of paragraph 2.1.1 (*Unlimited Rights*) of Part 1 of this Schedule 11 or any other provisions of this paragraph 2.1, the Authority shall have Unlimited Rights in the following Technical Data delivered or deliverable under this Contract:
         1. Interface Data (other than Interface Data for which the Crown is the owner of the IPR, or otherwise licensed, by virtue of another provision of this Contract);
         2. Technical Data that has been made publicly available otherwise than in breach of obligations of confidence, or Technical Data that the System Integrator has disclosed without restrictions on further use or disclosure; and
         3. any Technical Data specifically identified in Annex 2 (*Deliverables to be delivered as Unlimited Rights)* to this Schedule 11 as deliverable to the Authority with Unlimited Rights;
         4. studies, analyses, test data or similar data generated for this Contract, or for a response by the System Integrator to an invitation to tender for this Contract, when the study, analysis, test or similar work is a System Integrator Deliverable, but excluding test methodology to the extent that it consists of Limited Rights Technical Data; and
         5. Technical Data for installation, operation, routine maintenance or training purposes.
   2. Limited Rights
      1. The Authority shall have royalty-free, worldwide, non-exclusive, perpetual and irrevocable Limited Rights in all Technical Data that is or forms part of a System Integrator Deliverable, or has been otherwise been delivered to the Authority, and which has not been generated under this Contract, and which has been notified to the Authority in accordance with the provisions of paragraph 3.1 (*Restrictions on Authority’s Use and Disclosure of Technical Data – Prior Identification by the System Integrator*) of Part 1 of this Schedule 11.
      2. The Authority shall retain any rights that it has obtained in Technical Data by virtue of the provisions of another contract or other arrangement.
      3. Except as may be required or permitted by law or as otherwise permitted by the provisions of another contract or other arrangement, the Authority shall not disclose Limited Rights Technical Data outside HMG unless it has obtained the prior written permission of the System Integrator or as permitted by the provisions of paragraph 2.3 (*Specific Disclosure Rights of the Authority in Limited Rights Technical Data*) of Part 1 of this Schedule 11.
   3. Specific Disclosure Rights of the Authority in Limited Rights Technical Data
      1. Notwithstanding any restrictions on disclosure in paragraph 2.2 (*Limited Rights*) of Part 1 of this Schedule 11, the Authority shall be permitted to disclose, and authorise the use of, Technical Data with Limited Rights for UK Governmental Purposes:
         1. to an independent support contractor, solely for the purposes of the provision of a service to the Authority which, unless otherwise stated in this Contract, shall be limited to managing, monitoring, evaluating, assessing or auditing the work under this Contract; and
         2. where this Contract is for the supply of Services and the Limited Rights Technical Data concerns the processes and procedures concerned with the delivery of the Services, to a Follow-On System Integrator only for the continued supply of the Services following termination or expiry of this Contract, or during any transitional period as may be specified in this Contract, and only to the extent necessary for the delivery of the follow-on Services; and
         3. where the Technical Data is necessary for repair, maintenance or overhaul of equipment for urgent operational or safety reasons, subject to the recipient (i) agreeing that the Technical Data shall only be used, or copied for those purposes, and (ii) agreeing to return the Technical Data to the Authority immediately on completion of the urgent operational or safety need without retaining a copy.
      2. The Authority will have the right to disclose Limited Rights Technical Data for information and evaluation purposes in confidence to a foreign government for UK Governmental Purposes only and with the prior written permission of the System Integrator.
      3. The Authority shall not disclose Technical Data properly marked under paragraph 4 (*Marking of Technical Data*) of Part 1 of this Schedule 11 as being Limited Rights Data unless it has first provided the System Integrator, or other party asserting Limited Rights, with the opportunity to enter into a direct confidentiality agreement in the form of DEFFORM 94 with the intended recipient. The Authority shall not be restricted from disclosing the Technical Data to the intended recipient if the System Integrator or other party asserting Limited Rights has not signed a confidentiality agreement in the form of DEFFORM 94 within 30 (thirty) calendar days of its receipt provided that the Authority has placed the intended recipient under an obligation to keep the Technical Data confidential and to use it only for the purposes for which it is disclosed.
   4. Modifications
      1. The Authority shall not exercise its rights in Unlimited Rights Technical Data to authorise a third party (other than the design rights owner) to modify the design of any Article produced under this Contract without ensuring that (i) it has the right to provide to the System Integrator a copy of all Technical Data relating to any modified design to enable the System Integrator to manufacture articles to the modified design (“**Modified Design Data**”); and (ii) that it has the right to grant to, or to procure the grant to, the System Integrator of a licence on willing licensor/willing licensee terms, to use the Modified Design Data for the purposes of manufacture, sales and support of items made to the modified design for customers other than the Authority.
   5. System Integrator Background Patents and Designs and other IPR
      1. Subject to paragraph 2.5.2 of Part 1 of this Schedule 11 and to any restrictions notified to the Authority in accordance with paragraph 3.1 (*Restrictions on Authority’s Use and Disclosure of Technical Data – Prior Identification by the System Integrator*) of Part 1 of this Schedule 11, the Unlimited Rights granted to the Authority under paragraphs 2.1.1, 2.1.2, and 2.1.2(iv) (*Unlimited Rights*) of Part 1 of this Schedule 11 and Limited Rights granted under paragraph 2.2 (*Limited Rights*) of Part 1 of this Schedule 11 shall include licences under any Background Patents and Designs and other IPR owned by the System Integrator solely in connection with, and to the extent necessary to exercise its rights in the Technical Data in accordance with such clauses.
      2. Subject to the rights of the Crown arising otherwise than under this paragraph, and provided that the System Integrator has met in a timely manner any obligations included in this Contract to inform the Authority of the existence of any relevant United Kingdom patent or registered design, the System Integrator shall be entitled to claim payment under the provisions of sections 55 to 59 of the Patents Act 1977 or the first schedule to the Registered Designs Act 1949 in respect of any Background Patents and Designs owned or controlled by the System Integrator and used by the Authority, or any third party authorised by the Authority, in the exercise of the rights granted to the Authority under paragraph 2 (*Rights in Technical Data*) of Part 1 of this Schedule 11. The terms to be agreed or settled for the use of any such patented invention or registered design shall not include payment of compensation under section 57A of the Patents Act 1977 or paragraph 2A of the first schedule to the Registered Designs Act 1949 in respect of any invention or design covering the Articles, or described in any Unlimited Rights Technical Data that is a System Integrator Deliverable, and is subject to the provisions of Part 1 of this Schedule 11.
   6. Authority’s Quiet Enjoyment; and Embedded Software
      1. Nothing in Part 1 of this Schedule 11 shall act to prevent the Authority’s quiet enjoyment of any Articles delivered to it under this Contract, including the right to operate, maintain, use and dispose of the Articles, and the System Integrator shall not act to enforce rights in relation to any software that is provided as an integral part of such Articles to prevent the Authority’s quiet enjoyment of the Articles. Nothing in this condition shall prevent the Authority from exercising its statutory rights, currently in force or hereinafter enacted, in respect of such software. This paragraph 2.6 shall not require the System Integrator to deliver software to the Authority separate from the Article. No trade mark right or right against passing off shall be exercised against any deliverable Article, or any article made by or for the Authority in accordance with the rights granted under this condition, to a design incorporating a trade mark, recorded in deliverable Technical Data or embodied within any deliverable model, die or mould.
4. Restrictions on Authority’s Use and Disclosure of Technical Data – Prior Identification by the System Integrator
   1. All Technical Data to be delivered to the Authority under this Contract with restrictions on use or disclosure that are more restrictive than Unlimited Rights, shall be identified in Schedule 22 (*Notifications of Intellectual Property Rights (IPR) Restrictions*). Schedule 22 (*Notifications of Intellectual Property Rights (IPR) Restrictions*) may be updated from time to time during the course of this Contract with the express written agreement of the Authority.
   2. The System Integrator shall not deliver to the Authority any Technical Data with any restrictive marking if that Technical Data is not identified in Schedule 22 (*Notifications of Intellectual Property Rights (IPR) Restrictions*). Subject to paragraph 3.3 of Part 1 of this Schedule 11, any Technical Data delivered to the Authority without first being identified in Schedule 22 (*Notifications of Intellectual Property Rights (IPR) Restrictions*) may be used by the Authority as if it is Unlimited Rights Technical Data, in accordance with the provisions of paragraph 2.1.1 (*Unlimited Rights*) of Part 1 of this Schedule 11, but subject to the provisions of paragraphs 2.4 (*Modifications*) and 2.5 (*System Integrator Background Patents and Designs and other IPR*) of Part 1 of this Schedule 11.
   3. The System Integrator shall notify the Authority of restrictions on the use or disclosure of Technical Data, due to IPR owned by a third party other than a Sub-Contractor, after its delivery to the Authority where the identification of any such restrictions is based on information not available to the System Integrator at the date of delivery, or where the Technical Data is identified in Schedule 22 (*Notifications of Intellectual Property Rights (IPR) Restrictions*) and the omission of any restrictive marking is inadvertent. The Authority shall give prompt and reasonable consideration to any such notification and shall allow the System Integrator to apply the appropriate restrictive marking to the Technical Data retrospectively if it is clear, in the circumstances, that the restrictive marking correctly reflects the Authority’s rights in the relevant Technical Data as detailed in paragraph 2 (*Rights in Technical Data*) of Part 1 of this Schedule 11. The Authority may continue any use of the Technical Data begun prior to the notification made in accordance with this paragraph 3.3 notwithstanding that any such use may be contrary to any restrictive marking retrospectively applied to the Technical Data, but shall otherwise observe all restrictions on use and disclosure notified by the System Integrator as are agreed in accordance with this paragraph 3.3.
5. Marking of Technical Data
   1. The System Integrator shall mark any covering, packaging or cover page of Technical Data delivered to the Authority with Unlimited Rights with the following legend:

“***This Technical Data is delivered to the Authority by [state System Integrator’s name] under Contract [state MOD Contract No.]. The Authority has Unlimited Rights in the Technical Data in accordance with the provisions of that contract.***”

* 1. The System Integrator shall mark any covering, packaging or cover page of Technical Data delivered with Limited Rights with the following legend:

“***This Technical Data is delivered to the Authority by [state System Integrator’s name] under Contract [state MOD Contract No.]. The Authority has Limited Rights in the Technical Data as marked in accordance with the provisions that contract.***”

* 1. Any pages of documents including Technical Data subject to Limited Rights shall include the legend in paragraph 4.2 (*Marking of Technical Data*) of Part 1 of this Schedule 11 at the top or bottom of the page and shall be clearly marked by the System Integrator to identify the portions of those pages that are subject to those rights. The Technical Data shall be identified by marking, underlining or shading. The Authority shall have the right to remove any Technical Data subject to Limited Rights from a document and copy, use or disclose the edited document in accordance with the rights of the Authority in the resultant document.
  2. The System Integrator may apply a copyright notice to any Technical Data delivered to the Authority to identify the owner of the copyright, but shall not mark the Technical Data with any description of the Authority’s rights in it other than those set out in this paragraph 4 (*Marking of Technical Data*).

1. Effect and Removal of Nonconforming and Incorrect Markings
   1. The Authority shall notify the System Integrator in writing of any markings on Technical Data that it reasonably believes are incorrect or do not conform to the provisions of paragraph 4 (*Marking of Technical Data*) of Part 1 of this Schedule 11. The System Integrator shall remove or correct any incorrect or non-conforming markings within 30 (thirty) calendar days of notification. Failure to remove or correct any such markings may be a ground for non-acceptance of the Technical Data by the Authority and withholding of Contract payment until resolved.
   2. If the System Integrator fails to remove or correct a non-conforming marking within 30 (thirty) calendar days after receipt of notification by the Authority, then the Authority shall be entitled to ignore the marking and treat the Technical Data as Unlimited Rights Technical Data in accordance with paragraph 2 (*Rights in Technical Data*) of Part 1 of this Schedule 11 and, if the Authority considers it appropriate, remove or correct the marking.
2. Technical Data Provided By Sub-Contractors
   1. The System Integrator shall ensure that the Authority’s rights in Technical Data which is to be supplied by the Sub-Contractors, and which will be included in Technical Data that is a System Integrator Deliverable, shall be in accordance with the provisions of paragraph 2 (*Rights in Technical Data*) of Part 1 of this Schedule 11 together with any other rights of the Authority as set out in Part 1 of this Schedule 11. The System Integrator shall be responsible for determining with the Sub-Contractor prior to the award of any Sub-Contract the appropriate contractual arrangements, as between the System Integrator and Sub-Contractor, to provide the required Authority user rights in such Technical Data.
   2. If the System Integrator becomes aware that it will be unable to meet its obligations under paragraph 6.1 (*Technical Data Provided by Sub-Contractors*) of Part 1 of this Schedule 11 to the Authority, in respect of Technical Data that will be delivered by a potential Sub-Contractor, to the Authority (regardless of whether that delivery is directly from the potential Sub-Contractor to the Authority or through the System Integrator to the Authority), then the System Integrator shall promptly notify the Authority, providing evidence that the System Integrator has used all reasonable endeavours to secure the necessary rights for the Authority, and that the Sub-Contractor is unwilling to provide the necessary rights to the Authority, and request the potential Sub-Contractor to negotiate directly with the Authority regarding the Authority’s user rights in Technical Data arising from a potential Sub-Contract. Upon receipt of such notice the Authority shall use all reasonable endeavours to conclude any direct agreement promptly. The System Integrator shall not enter into a Sub-Contract with the potential Sub-Contractor in respect of the relevant Contract requirement of the Authority unless and until the Authority notifies the System Integrator that the potential Sub-Contractor has entered into a direct agreement with the Authority to provide the necessary rights for the Authority in Technical Data to be delivered by the Sub-Contractor.
   3. If the System Integrator enters into a Sub-Contract with a Sub-Contractor that fails to secure the rights for the Authority as required by the provisions of paragraph 6.1 (*Technical Data Provided by Sub-Contractors*) of Part 1 of this Schedule 11, and has not received prior written authorisation from the Authority to place the Sub-Contract in accordance with the provisions of paragraph 6.2 (*Technical Data to be Provided by Sub-Contractors*) of Part 1 of this Schedule 11, the Authority shall be entitled, to the extent allowed by law and without prejudice to any other contractual remedy, to use any of the Sub-Contractor’s Technical Data delivered to the Authority as if the System Integrator had secured rights for the Authority and obligations from the Sub-Contractor consistent with the nature of the Technical Data and the relevant provisions of paragraph 2 (*Rights in Technical Data*), and the System Integrator shall indemnify the Authority and be liable for any damages or costs incurred by the Authority for so long as the System Integrator fails to secure the rights as aforesaid.
3. System Integrator Retention of Records
   1. The System Integrator shall retain, for the duration of this Contract and for a period of six (6) years thereafter, a record of the work performed under this Contract and of the results obtained, and the Technical Data generated, delivered or to be delivered to the Authority under this Contract.
   2. The Authority shall have the right to inspect the records maintained by the System Integrator in accordance with paragraph 7.1 (*System Integrator Retention of Records*) of Part 1 of this Schedule 11, within the period specified in that paragraph and on reasonable notice. The Authority shall further have the right during that period or for so long as the Technical Data is known to still exist, to require additional deliveries of any Technical Data that was generated in the performance of work under this Contract whether or not it is contained in the System Integrator Deliverables This right shall be exercisable by separate order and on agreement of a fair and reasonable price based solely on the costs of compiling and delivering the Technical Data. Technical Data required to be delivered under this paragraph 7.2 shall be delivered within forty-five (45) calendar days of receipt by the System Integrator of any order from the Authority and shall only be used by the Authority (or on its behalf) in accordance with the rights granted in such Technical Data under Part 1 of this Schedule 11.
   3. At the written request made by the Authority within the period specified in paragraph 7.1 (*System Integrator Retention of Records*) of Part 1 of this Schedule 11 and subject to the availability of the relevant expertise, the System Integrator shall provide to the Authority, or to any other person to whom the Authority may provide Technical Data in accordance with its rights under paragraph 2 (*Rights in Technical Data*) of Part 1 of this Schedule 11, assistance in understanding the Technical Data. The assistance shall be limited to that required by a person competent in the relevant area of technology to interpret the results of this Contract. The assistance shall be made available within sixty (60) calendar days of the request and on fair and reasonable terms and conditions, including the costs of providing the assistance, but excluding any payment in respect of the right to use the Technical Data.
   4. The System Integrator shall maintain one (1) copy of all Technical Data that is a System Integrator Deliverable (hereinafter called the “**Control Copy**”). The Control Copy shall be the property of the Authority, and shall be marked accordingly, and the Authority may take possession of it notwithstanding any administration, receivership, winding-up or liquidation of the System Integrator or any transfer of its assets to any third party, and copies of any Technical Data from the Control Copy shall be supplied as required from time to time by the Authority at the Authority’s expense, the cost of which shall be based solely on the cost of copying and delivering the Control Copy.
4. Liability
   1. In the event that Technical Data to which Part 1 of this Schedule 11 applies is used by or for the Authority otherwise than for the purpose for which it was supplied in accordance with the relevant provisions of this Contract, the System Integrator shall have no liability whatsoever for any direct or indirect consequences, including losses, damages or injuries caused to the Authority or any third party, arising from its use.
5. General
   1. For the avoidance of doubt, nothing in Part 1 of this Schedule 11 shall:
      1. restrict the entitlement of either party to make use of Technical Data once it enters the public domain otherwise than as a result of the Authority or any person supplied with the Technical Data by the Authority disclosing it in breach of any obligations of confidence relating to such Technical Data; or
      2. extinguish or diminish any statutory rights or common law rights of the Authority to use any Technical Data or any IPR covering such Technical Data or any rights of the Authority acquired under any separate contract or agreement.
   2. The terms of Part 1 of this Schedule 11 shall survive the termination or expiry of this Contract.
      1. Part 2: Intellectual Property Rights in Software

For the purpose of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11, the following wording and expressions shall have the following meanings:

1. “**Deliverable Software**” means the Software delivered or to be delivered or which forms an integral part of any Article delivered or to be delivered by the System Integrator to the Authority in accordance with the requirements of this Contract;
2. “**Non risk contract**” means a contract placed on a cost reimbursement basis (whether with a fixed fee element or a percentage profit) which insulates the System Integrator against loss;
3. “**Object Code**” means machine code executable by a data processing system;
4. “**Risk contract**” shall mean all contracts with a pricing arrangement which does not insulate the contractor against loss;
5. “**Software**” means all or part of any:
   1. Object Code;
   2. Source Material;
   3. associated user documentation; and
   4. anything further specified as Software in the Schedule 2 (*Obligation of the System Integrator*);
6. “**Source Code**” means a representation of Object Code in or readily translatable into a form suitable for human understanding and transformable into the Object Code;
7. “**Source Material**” means that material, taken individually or in any combination thereof, which is:
   1. Source Code;
   2. a representation or identification of the data processing system configuration, computer programs, procedures, rules and associated documentation generated by or for the System Integrator under this Contract;
   3. a representation or identification of the data processing system configuration, computer programs, procedures, rules and associated documentation used to generate the Object Code, but not generated by or for the System Integrator under this Contract, when in sufficient detail and suitable form, subject to paragraph 2.1.2 of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11, to permit replication of such data processing system configuration, computer programs, procedures, rules and associated documentation independently of the System Integrator;
   4. subject to paragraph 2.1.2 of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11, and to the extent necessary to enable modification and testing of the Object Code independently of the System Integrator, documentation on the specification, design rules, design, testing, analysis, function, usage and capabilities of the Object Code and of the material at limbs (a), (b) and (c) of this definition;
8. “**the Relevant Period**” means the currency of this Contract plus a period of six (6) years from the completion of this Contract or such other period as may be specified in this Contract. Completion of this Contract shall be deemed to occur on the date when all work under this Contract is completed. The System Integrator shall endeavour to ensure that the relevant period in any Sub-Contract shall expire on the same date, but shall consult the Authority if that is not achievable; and
9. “**to modify**” means to change or alter whether by means of adaptation, translation, extension, reduction by means of merging with other material, or by any other means, and the words 'modified' and 'modification' shall be construed accordingly.
10. The headings contained in this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 shall not affect the interpretation thereof.
11. Ownership
    1. The System Integrator shall use all reasonable endeavours to ensure that all IPR in any Software generated under this Contract shall be the property of and vest in the System Integrator, subject to any pre-existing rights of the Crown or of Third Parties.
12. User Rights and Related Payments
    1. The following user rights and related terms apply:
       1. The System Integrator grants to the Authority and all other Government Departments to the extent that they have the right to do so, the right, exercisable without payment to the System Integrator:
          1. to copy, modify and use any Deliverable Software for the services of HMG, whether by itself, its agents or its contractors;
          2. to issue any Deliverable Software or copies of any Deliverable Software to any contractor or potential contractor to HMG for the purpose of use only in connection with a contract or the tendering for a proposed contract for a Governmental Purpose.
       2. The System Integrator shall notify the Authority as soon as they become aware of any limitations as to the use of any Deliverable Software the IPR in which are owned by the System Integrator or a third party. The System Integrator shall also give to the Authority full details of the provisions of such limitations and any associated cost as soon as they become aware of them.
       3. Except as provided for by paragraph 4.1.1(ii) (*Subsequent Deliveries of Software*) of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11, the Authority shall have a right to exercise:
          1. any of the rights referred to at paragraph 2.1.1 of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11;
          2. in respect of Deliverable Software notified to the Authority in accordance with paragraph 2.1.2 of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11, the IPR in which are owned by the System Integrator, subject to fair and reasonable terms.

The exercising of any such right shall not be conditional upon prior agreement on the need for, the amount of or the making of any payment therefor.

* + 1. The System Integrator shall, if requested to do so by the Authority, endeavour to secure for the Authority those rights listed at paragraph 4.1.1(ii) of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 in Deliverable Software notifiable to the Authority in accordance with paragraph 2.1.1 of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 the IPR in which are owned by a third party on terms and conditions to be agreed with or approved by the Authority.
    2. Subject to the provisions of paragraph 2.1.2 of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 but notwithstanding the provisions of paragraph 5 of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11, the System Integrator grants to the Authority the right to issue the Deliverable Software, in whole or in part, or a copy thereof, only to the government(s) of the nation(s) prescribed in this Contract, for information only, in pursuance of information exchange arrangements for defence purposes, provided that the recipient government is placed under an obligation not to use Deliverable Software so released for other than information purposes or to disclose it to a third party. Provided that, where the supply of Source Code is contemplated, and subject to any pre-existing rights of the Authority, this paragraph 2.1.5 shall only apply to the work or any part of the work or any copy of the work or any part thereof if such work or part thereof is generated under this Contract.

1. Other Software Generated Under this Contract
   1. In respect of other Software generated under this Contract:
      1. Should, during the Relevant Period, the Authority require the System Integrator to deliver any Software generated under this Contract but which is not Deliverable Software:
         1. where this Contract has yet to be priced or has been or is to be priced on a non risk basis, then such Software as is required by the Authority shall be delivered by the System Integrator to the Authority within a reasonable period as a minimum as it exists at the date on which the Authority makes its requirement known in writing to the System Integrator and from that date such Software shall be deemed to be Deliverable Software;
         2. where this Contract has been priced on a risk basis, whether by negotiation or under competition, then such Software as is required by the Authority shall be delivered by the System Integrator to the Authority within a reasonable period and on fair and reasonable terms as a minimum as it exists at the date on which the Authority makes its requirements known in writing to the System Integrator and from that date such Software shall be deemed to be Deliverable Software (except for the purposes of paragraph 8 (*Commercial Exploitation Levy*) of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11) provided always that the Authority shall not be liable to pay more than once for the supply of Software required by the Authority. Delivery to the Authority shall not be conditional upon prior agreement on the need for, the amount of, or the making of any payment therefor.
      2. Notwithstanding anything to the contrary herein, other than in respect of any actual or alleged infringement of copyright, breach of confidence or IPR-related breach of contract, the System Integrator shall have no liability whatsoever in respect of any consequence arising from the possession or use by or on behalf of the Authority of any such Software which is deemed to be Deliverable Software pursuant to paragraph 3.1.1 above.
2. Subsequent Deliveries of Software
   1. In respect of subsequent deliveries of Software:
      1. During the Relevant Period, the System Integrator shall at the request and to the requirements of the Authority and to the extent they are able to do so in relation to third party software:
         1. deliver further copies of the Deliverable Software to the Authority at a reasonable charge based on the cost of providing such copies;
         2. where the System Integrator is unable or unwilling to support, maintain or modify the Deliverable Software, deliver all Software, including such records as are specified in paragraph 4.1.3 (*Subsequent Deliveries of Software*) of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11, necessary for the Authority, its contractors or agents to independently support, maintain or modify the Deliverable Software for the services of HMG. All such Software shall be supplied on fair and reasonable terms, but delivery shall not be conditional upon prior agreement on the need for, the amount of or the making of any payment therefor.
      2. The System Integrator shall retain for the Relevant Period a copy of such Software as is required for the performance of their obligations under paragraph 4.1.1 (*Subsequent Deliveries of Software*) of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11.
      3. If the Software generated under this Contract is subsequently modified by or on behalf of the System Integrator for the Authority, the Software to be retained under paragraph 4.1.2 (*Subsequent Deliveries of Software*) of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 shall be the latest modified version and any other version that may be specified by the Authority no later than the time of delivery of the succeeding modified version. The System Integrator shall additionally maintain sufficient records to enable the changes introduced by each such modification to be identified so as to provide traceability back to the version originally accepted by or for the Authority.
3. Confidentiality
   1. In respect of confidentiality:
      1. The Authority undertakes to:
         1. receive and hold in confidence all Deliverable Software;
         2. enforce all reasonable regulations and precautions upon the officers, agents, contractors and employees of the Authority and of all other Government Departments in order to preserve the confidential nature of the Deliverable Software;
         3. not disclose the Deliverable Software outside Government Departments and Government Establishments, except as expressly permitted by any other provision of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 or otherwise expressly agreed in writing by the System Integrator.
      2. The Authority shall, subject to paragraphs 5.1.3 and 5.1.4 (*Confidentiality*) of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 and to the provisions of Part 6 (*International Collaboration*) of this Schedule 11 (*IPR*), before disclosing any Deliverable Software outside Government Departments and Government Establishments make it a pre-requisite of the disclosure, unless otherwise agreed in writing by the System Integrator, that the recipient shall enter into a confidentiality agreement with the System Integrator whereby the recipient's use of the Deliverable Software is limited to use for the services of HMG. A confidentiality agreement shall be concluded within thirty (30) days, or whatever other period as may be mutually agreed by the Authority and the System Integrator, of the Authority giving written notice to the System Integrator of its intention to make the disclosure. If a confidentiality agreement is not concluded within that period then, notwithstanding the absence of a confidentiality agreement, the Authority shall have the right to make the disclosure on condition that in making the disclosure, the Authority shall place upon the recipient an obligation of confidence and a limitation of use as aforesaid. In these circumstances the Authority shall:
         1. consult with the System Integrator on the measures to be employed to protect any trade secrets, know-how or other information in the Deliverable Software;
         2. have regard to any representation made by the System Integrator at any time before disclosure takes place as to the protection of any trade secrets, know-how or other information in the Deliverable Software;
         3. give consideration to any proposals the System Integrator may make for:
            1. the preparation of a special version of the Deliverable Software;
            2. the disclosure of the Deliverable Software in parts or stages; and
            3. restrictions on the circulation, copying or use of the Deliverable Software to be disclosed.
      3. The obligations imposed by paragraphs 5.1.1 and 5.1.2 (*Confidentiality*) of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 shall not apply to such of the Deliverable Software that:
         1. is, or becomes, rightfully in the possession of the Authority without relevant restrictions;
         2. is in or enters the public domain without breach of this Contract and is available for unrestricted use;
         3. is received by the Authority from a third party who themselves have the right to disclose without relevant restrictions;
         4. is or was independently developed by the Authority;
         5. is approved by the System Integrator, in writing, for unrestricted release by the Authority.
      4. Notwithstanding the provisions of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 relating to the disclosure of the Deliverable Software, the Authority shall be entitled to disclose the Deliverable Software after notification in writing to the System Integrator by the Authority’s Commercial Officer in person that it considers it to be in the national interest to do so. Save where the Authority considers the immediate disclosure is in the national interest, the Authority will endeavour to give the System Integrator a reasonable opportunity to make representations about such disclosure. However, the Authority's decision shall be final and conclusive. In making the disclosure in this circumstance the Authority shall place upon the recipient an obligation of confidence and a limitation of use as set out in paragraphs 5.1.1 and 5.1.2 (*Confidentiality*) of this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11.
4. Output
   1. In respect of output from the Deliverable Software:
      1. Subject to the rights of the System Integrator and third parties, the Authority shall have the right, free of charge, to use in any manner and for any purpose anything which has been produced by or for the Authority with the aid of any Deliverable Software PROVIDED THAT if the result so produced reproduces or discloses the whole or a significant part of any of the Software used or generated in the performance of this Contract then such shall be deemed to be Deliverable Software and subject to the provisions of this Contract. If, however, the material produced contains other information, the IPR in which are owned by the System Integrator or a third party and in which the Authority has no user rights, then the conditions under which that information has been made available to the Authority shall prevail in respect of such other information.
      2. If Deliverable Software is required by the Authority under this Contract for the purpose of producing an output for incorporation in a data processing system, then, notwithstanding paragraph 6.1.1 above or any other provision of this Contract, the Authority shall have the right to use to have used, free of charge, such output for the services of HMG.
5. Marking
   1. The System Integrator may make or include in any Deliverable Software to which this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 applies a copyright notice provided that such copyright notice acknowledges the Authority's rights under this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11. Any such notice shall be perpetuated in any copies of the Deliverable Software made by the Authority or any other Government Department or its agents or contractors.
6. Commercial Exploitation Levy
   1. The System Integrator shall agree with the Authority the sum or sums (if any) which shall be paid to the Authority in respect of Software generated under this Contract having regard to the amounts paid or payable to the System Integrator by the Authority under this Contract before:
      1. assigning, selling or otherwise disposing of any IPR subsisting in such Software;
      2. disclosing, licensing or selling any material reproducing such Software;
      3. using any such Software for the purpose of generating any Software for disclosure, licensing or sale to a third party.
7. Modified Software
   1. Should Software generated under this Contract be modified at any time, then each party shall enjoy the same rights and be bound by the same obligations provided by this this Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 in respect of any of those parts of the modified Software which were present in the Software prior to modification.
8. Liability And Indemnities
   1. In respect of liabilities and indemnities:
      1. The System Integrator shall at all times indemnify and keep indemnified the Authority or any other Government Department in respect of all costs, claims, demands, damages, liabilities and expenses made against or incurred by the Authority or any other Government Department:
         1. arising directly from any actual or alleged infringement of copyright or breach of confidence or IPR-related breach of contract;
         2. arising indirectly from any actual or alleged infringement of copyright or breach of confidence or IPR-related breach of contract;

by the System Integrator as a result of the copying, modification, use or possession of the Deliverable Software by or on behalf of the Authority or any other Government Department or their respective agents or contractors.

* + 1. In the event that any claim is made against the Authority in respect of which the Authority is entitled to be indemnified in accordance with the provisions of paragraph 10.1.1 (*Liability and Indemnities*) above then:
       1. the Authority shall promptly notify the System Integrator in writing of such costs, claims, demands, damages, liabilities and expenses of which it shall have notice and shall provide the System Integrator with such information regarding the claim as the System Integrator shall reasonably require PROVIDED THAT the Authority shall not be obliged to disclose any information the disclosure of which would prejudice any right or interest of the Crown;
       2. unless there is a statutory obligation to do so, the Authority shall not make any statement which may be prejudicial to the settlement or defence of such claim without the prior written consent of the System Integrator;
       3. when requested by the System Integrator the Authority shall allow the System Integrator at the System Integrator’s expense to conduct all negotiations and litigation and shall give the System Integrator all reasonable assistance in connection therewith PROVIDED THAT:
          1. the System Integrator shall have first given to the Authority an unconditional written admission of their liability to indemnify the Authority in accordance with the provisions of paragraph 10.1.1 (*Liability and Indemnities*);
          2. at the request of the Authority the System Integrator shall keep the Authority fully informed about the conduct and progress of such negotiations and proceedings;
          3. the Authority shall have the right to intervene or assume responsibility for the conduct of such proceedings or any consequent settlement thereof at any time PROVIDED THAT the System Integrator shall not be liable to indemnify the Authority under this paragraph 10 (*Liability and Indemnities*) against any liability or any part of any damages costs or expenses to the extent that such liability or part is incurred by the Authority by reason of any breach by the Authority or paragraph 10.1.2(ii) (*Liability and Indemnities*) or by the Authority acting unreasonably either in the conduct of any negotiations or legal proceedings or in the making of any settlement in relation to any claim or demand.
    2. If at any time an allegation of infringement of copyright or breach of confidence or breach of contract is made as a result of the copying, modification, use or possession of the Deliverable Software or any part thereof, the System Integrator may, with the agreement of the Authority and at the System Integrator’s own expense, modify the Deliverable Software or any part thereof or replace the same with an item of equivalent functionality and performance so as to avoid infringement or breach.
       1. Except as may be otherwise agreed, the foregoing provisions shall not apply in so far as any costs, claims, demands, damages, liabilities and expenses are in respect of:
          1. any use of Deliverable Software not reasonably to be inferred from the specification requirements of the Authority;
          2. the refusal by the Authority or such other Government Department to use to have used a modified or replacement item supplied pursuant to paragraph 10.1.3 (*Liability and Indemnities*);
          3. the use of any Deliverable Software made after and in contravention of a judicial decision relating to such Deliverable Software.
    3. The System Integrator shall have no liability in respect of any Deliverable Software modified by or on behalf of the Authority, other than Deliverable Software modified under the direction and control of the System Integrator themselves, PROVIDED THAT the exclusion of liability contained in paragraph 10.1.5 (*Liability and Indemnities*) shall not apply in circumstances where the System Integrator would be liable under the terms of this Contract whether or not the Deliverable Software has been modified.
    4. Where the System Integrator is not liable under the provisions of paragraph 10.1.5 (*Liability and Indemnities*), then the Authority shall indemnify and keep indemnified the System Integrator in respect of all costs, claims, demands, damages, liabilities and expenses made against or incurred by the System Integrator:
       1. arising directly from any actual or alleged infringement of copyright or breach of confidence or IPR-related breach of contract;
       2. arising indirectly from any actual or alleged infringement of copyright or breach of confidence or IPR-related breach of contract;

as a result of the copying, modification, use or possession of any modified Deliverable Software by or on behalf of the Authority or any other Government Department or its respective agents or contractors, or by any government which received it in accordance with the provisions of paragraph 2.1.5 (*User Rights and Related Payments*).

* + 1. Where the Authority supplies or causes to be supplied Software to the System Integrator for use, or instructs the System Integrator to use Software, in the performance of this Contract and that Software was not previously supplied to the Authority by the System Integrator, then the Authority shall indemnify and keep indemnified the System Integrator in respect of all costs, claims, demands, damages, liabilities and expenses made against or incurred by the System Integrator:
       1. arising directly from any actual or alleged infringement of copyright or breach of confidence or IPR-related breach of contract;
       2. arising indirectly from any actual or alleged infringement of copyright or breach of confidence or IPR-related breach of contract;

as a result of the copying, modification, use or possession of such Software by the System Integrator solely for the performance of this Contract.

* + 1. In the event that any claim is made against the System Integrator in respect of which the System Integrator is entitled to be indemnified in accordance with the provisions of paragraphs 10.1.6 and 10.1.7 (*Liability and Indemnities*) above then:
       1. the System Integrator shall promptly notify the Authority in writing of such costs, claims, demands, damages, liabilities and expenses of which they themselves shall have notice and shall provide the Authority with such information regarding the claim as the Authority shall reasonably require;
       2. the System Integrator shall not make any statement which may be prejudicial to the settlement or defence of such claim without the prior written consent of the Authority;
       3. when requested by the Authority the System Integrator shall allow the Authority at the Authority's expense to conduct all negotiations and litigation and shall give the Authority all reasonable assistance in connection therewith PROVIDED THAT:
          1. the Authority shall have first given to the System Integrator an unconditional written admission of its liability to indemnify the System Integrator in accordance with the provisions of paragraphs 10.1.6 and 10.1.7 (*Liability and Indemnities*);
          2. at the request of the System Integrator the Authority shall keep the System Integrator fully informed about the conduct and progress of such negotiations and proceedings.
       4. The foregoing states the entire liability of the Authority and System Integrator with respect to any actual or alleged infringement of copyright or breach of confidence or IPR-related breach of contract arising from the copying, modification, use or possession of:
          1. the Deliverable Software by or on behalf of the Authority or any other Government Department;
          2. the Software referred to in paragraph 10.1.7 (*Liability and Indemnities*) by the System Integrator.
  1. This Part 2 (*Intellectual Property Rights in Software*) of this Schedule 11 shall constitute an 'agreement to the contrary' for the purposes of section 48 of the Copyright, Design and Patents Act 1988.
     1. Part 3: Intellectual Property Rights Vesting in the Authority
  2. All intellectual property rights of any nature in the results generated in the performance of work under this Contract and recorded in any written or other tangible form (the ‘**Results’**), including rights in inventions, designs, computer software, databases, copyright works and information shall vest in and be the property of the Authority. The System Integrator shall take all necessary measures to secure that vesting. On request, the System Integrator shall demonstrate to the Authority’s satisfaction that, where they have Sub-Contracted work under this Contract, they have secured that vesting in the work performed by their Sub-Contractors.
  3. The Authority may use, have used, copy and disclose the Results by itself or through third parties for any purpose whatsoever subject to the System Integrator’s patents and design rights (registered or unregistered) and to the rights of third parties not employed in the performance of work under this Contract.
  4. The Authority shall determine whether any of the Results should be protected by patent or other protection. The costs of patent or like protection shall be borne by the Authority. The System Integrator shall assist the Authority in filing and executing documents necessary to secure that protection. The System Integrator shall use all commercially reasonable endeavours to secure similar assistance from subcontractors as appropriate. The costs of such patent or other protection shall be borne by the Authority.
  5. The System Integrator shall mark any copyright work comprising Results with the legend: '© Crown-owned copyright [insert the year of generation of the work]'.
  6. Apart from intellectual property rights vested in the Authority by virtue of paragraph 1.1 of this Part 3 (*Intellectual Property Rights Vesting in the Authority*) of this Schedule 11, ownership of, or rights in, all other intellectual property are not transferred to the Authority by this Part 3 (*Intellectual Property Rights Vesting in the Authority*) of this Schedule 11.
  7. Unless otherwise agreed with the Authority, the System Integrator shall retain a copy of the Results together with records of all work done for the purposes of this Contract for six (6) years after the completion of this Contract.
  8. The Authority shall have the right to require the System Integrator to furnish to the Authority copies of any and all of the Results and such records for so long as they are retained by the System Integrator. A reasonable charge for this service based on the cost of providing it will be borne by the Authority unless already included in the price of this Contract.
  9. The System Integrator shall treat the Results as if received in confidence from the Authority and:
     1. shall not copy, use or disclose to a third party any of the Results without the prior written consent of the Authority, except that the System Integrator may without prior consent, copy and use the Results, and disclose the Results in confidence to their officers, employees and Sub-Contractors, to such extent as may be necessary for the performance of this Contract or any Sub-Contract under it or in the exercise of any right granted pursuant to paragraph 1.12 of this Part 3 (*Intellectual Property Rights Vesting in the Authority*) of this Schedule 11; and
     2. shall take all reasonable precautions necessary to ensure that the Results are treated in confidence by those of their officers, employees and Sub-Contractors who receive them and are not further disclosed or used otherwise than for the purpose of performing work or having work performed for the Authority under this Contract or any Sub-Contract under it.
  10. The System Integrator shall ensure that their employees are aware of their arrangements for discharging the obligations at paragraph 1.8 of this Part 3 (*Intellectual Property Rights Vesting in the Authority*) of this Schedule 11 and take such steps as may be reasonably practical to enforce such arrangements.
  11. The confidentiality provisions of paragraph 1.8 of this Part 3 (*Intellectual Property Rights Vesting in the Authority*) of this Schedule 11 shall not apply to the Results or any part thereof to the extent that the System Integrator can show that they were or have become published or publicly available for use otherwise than in breach of any provision of this Contract or any other agreement between the parties.
  12. The System Integrator shall not be in breach of the confidentiality obligations contained in this Condition where it can show that any disclosure of the Results was made solely and to the extent necessary to comply with a statutory, judicial or parliamentary obligation. Where such a disclosure is made, the System Integrator shall ensure that the recipient of the Results is made aware of and asked to respect its confidentiality and, wherever possible and permitted by law, shall notify the Authority as soon as practicable after becoming aware that such disclosure is required. Such disclosure shall in no way diminish the obligations of the System Integrator under of this Part 3 (*Intellectual Property Rights Vesting in the Authority*) of this Schedule 11.
  13. The System Integrator shall be entitled to request consent from the Authority to re-use (under licence or otherwise) the Results and intellectual property rights vested in the Authority by virtue of paragraph 1.1 of this Part 3 (*Intellectual Property Rights Vesting in the Authority*) of this Schedule 11 for other purposes including, but not limited to, tendering for other work for the Authority or work for another Government Department. Such consent shall be properly considered by the Authority taking into account matters such as national security and the rights of third parties.
      1. Part 4: Inventions and Designs
  14. The provisions of Part 4 (*Inventions and Design*) of this Schedule 11 shall apply in relation to any invention or design made in the course of or resulting from work carried out by the System Integrator under this Contract (hereinafter respectively referred to as “**the invention**” and the “**design**”).
  15. Where any invention or design, to which the provisions of Part 4 (*Inventions and Design*) of this Schedule 11 apply, is made outside the UK and where local laws so require, any application may, notwithstanding the provisions of paragraph 1.3.3 of this Part 4 (*Inventions and Design*) of this Schedule 11, be made under conditions of secrecy at the local Patent Office of the territory where the invention or the design was made. Where local laws so require, the supply of a copy of the application under paragraph 1.6.1 of this Part 4 (*Inventions and Design*) of this Schedule 11 shall be subject to any necessary approval of the local Patent Office but the application number and date of filing shall be notified to the Authority in all cases.
  16. 1. The System Integrator shall ensure that they and any Patent Agent or Attorney engaged by them shall treat the invention or design as bearing a Security Classification at least as high as the work to which it relates pending formal determination of its appropriate classification.
      2. The preparation and filing of applications to which this paragraph 1.3 relates shall be handled by the System Integrator’s own Patent Department under the conditions of security applicable under this Contract. If the System Integrator does not have their own Patent Department they shall, before initiating the preparation of any application, secure the written Agreement of the Authority as to the Patent Agent or Attorney that they propose to employ for the preparation and filing of such an application.
      3. Every application to which this paragraph 1.3 relates, whether filed by the System Integrator or by a Patent Agent or Attorney engaged by them, shall be filed direct with the Security Section of the UK Patent Office, who shall be notified at the time of filing that the invention or design forming the subject of the application is related to classified government work. The notification shall also quote the number of this Contract and the name and address of the Authority.
  17. For the purposes of Clause 43.3 to 43.6 (*Security Measures*) any patent application made in accordance with paragraphs 1.2 and 1.3 of Part 4 (*Inventions and Design*) of this Schedule 11 shall be considered to have been made with the prior consent of the Authority.
  18. The System Integrator shall ensure, to the extent they are legally able to do so, that any invention to which this Part 4 (*Inventions and Design*) of this Schedule 11 relates and made by an employee of the System Integrator in the course of duties as defined in section 39(1) of the Patents Act 1977 and any design to which this Part 4 (*Inventions and Design*) of this Schedule 11 relates and made by an employee of the System Integrator shall vest in the System Integrator.
  19. 1. The System Integrator shall within forty-five (45) days of filing a first patent application or any subsequent patent application claiming priority from a first patent application and directed towards obtaining protection in the UK (including a European Patent Application or an International Patent Application designating the UK) for the invention or any application for registration of the design provide the Authority (1) with a copy of that application together with the number of this Contract.
      2. The System Integrator shall promptly notify the Authority if they become aware of any application as aforesaid by any person who is, or has been, an employee or agent of the System Integrator or a Sub-Contractor and provide the Authority with relevant particulars insofar as they can obtain them and have the right to provide them.
  20. If an employee of the Crown is a joint inventor of the invention or part author of the design to which any application as is referred to in under paragraph 1.6 of this Part 4 (*Inventions and Design*) of this Schedule 11 above relates and the portion of or share in the invention or design made by that employee belongs to the Crown and neither the Crown nor that employee is the person, or one of the persons, making the application, the System Integrator shall if so requested by the Authority take all such steps and do all such things as are in their power and as may be necessary to ensure either that the Authority or the employee concerned joins in the application or, at the option of the System Integrator, and if the application is one for a patent, that it is either withdrawn or amended by the deletion from the application of any reference to that part of the invention made by the employee of the Crown, or, if the application is one for a Registered Design, that it is withdrawn.
  21. If an employee of the Crown is a party to any such application as is mentioned in paragraphs 1.6 and 1.7 of this Part 4 (*Inventions and Design*) of this Schedule 11 and the Authority so requests, the System Integrator shall at the expense of the Authority take such reasonable steps as are in their power and may from time to time be necessary to ensure that the Authority is substituted for the employee of the Crown as co-applicant and shall give all such consents and do all such things as may from time to time be necessary to enable the employee of the Crown to assign to the Authority their interest in the application and in any Patent or Registered Design granted pursuant thereto, provided that the System Integrator is not required by this is Part 4 (*Inventions and Design*) of this Schedule 11 to consent to any assignment other than that specifically referred to herein.
  22. Subject to the provisions of paragraphs 1.7 and 1.8 of Part 4 (*Inventions and Design*) of this Schedule 11 above and to the rights of the Authority as set out in paragraph 1.10 of Part 4 (*Inventions and Design*) of this Schedule 11 below the invention or design shall belong to the System Integrator.
  23. Any Government Department and any person authorised by a Government Department may in any part of the world do in relation to the invention any act as defined in section 55(1) (a) to (e) of the Patents Act 1977 or use the design for the services of the Government of the United Kingdom.
  24. Subject to paragraph 1.18 of Part 4 (*Inventions and Design*) of this Schedule 11, the System Integrator shall not be entitled to any payment whatsoever in respect of anything done in accordance with paragraph 1.10 of Part 4 (*Inventions and Design*) of this Schedule 11 above (whether by the Authority, a Government Department or any person whomsoever) and if any directions relating to the invention are given under section 22(1) or 22(2) of the Patents Act 1977 the System Integrator shall not have any claim for any such compensation as is mentioned in section 22(7)(b).
  25. If any question under this Part 4 (*Inventions and Design*) of this Schedule 11 shall arise between the System Integrator and the Authority as to whether an employee of the Crown is a joint inventor of the invention or a part author of the design or as to whether the invention or design was made in the course of or resulted from work carried out by the System Integrator under this Contract, that question shall be referred for decision to such person as may be agreed upon between the System Integrator and the Authority or in default of such agreement as may be appointed by the President for the time being of the Chartered Institute of Patent Agents, and the decision of any such person on that question shall be final and conclusive.
  26. The System Integrator shall at the request and expense of the Authority take all such reasonable steps as are within their power and may from time to time be necessary to enable the Authority to register in the UK Patent Office or elsewhere its interest in the invention or design.
  27. The rights conferred by this Part 4 (*Inventions and Design*) of this Schedule 11 shall be in addition to and not in derogation of the rights exercisable by virtue of sections 55 to 59 of the Patents Act 1977 and section 12 of the Registered Designs Act 1949.
  28. In this Part 4 (*Inventions and Design*) of this Schedule 11 references to a Government Department are references to a Department of Her Majesty's Government in the United Kingdom.
  29. The foregoing provisions of this Part 4 (*Inventions and Design*) of this Schedule 11 shall have effect both during the period the System Integrator is carrying out the other provisions of the contract and at all times thereafter.
  30. The System Integrator shall include, in any Sub-Contract which they may enter into for the purpose of this Contract, provisions as in this Part 4 (*Inventions and Design*) of this Schedule 11, but with the substitution therein of references to the Sub-Contractor for references to the System Integrator, and of references to the subcontract for references to this Contract, and the System Integrator shall at all times use all reasonable endeavours to secure the full and effectual observance by the Sub-Contractor of those provisions and that the Authority and all Government Departments obtain the benefit thereof, and to advise the Authority if they become aware of any breach of the provisions. Provided that this paragraph 1.17 shall only apply to any Sub-Contract for the carrying out of any work for research, design or development under this Contract.
  31. Nothing herein shall prejudice the rights of either party arising otherwise than by virtue of this Part 4 (*Inventions and Design*) of this Schedule 11.
  32. Notes
      1. The agreement of the Authority is to be sought from and the information addressed to:

Patent Security Unit

Directorate of Intellectual Property Rights

Poplar 2 #2214

MOD Abbey Wood

BRISTOL BS34 8JH

* + 1. Any communication from the Authority to the System Integrator on the subject of paragraph 1.13 of this Part 4 (*Inventions and Design*) of this Schedule 11 is to be addressed to the System Integrator’s address for service for the application.
    2. Part 5: Third Party Intellectual Property

1. Notifications
   1. As they become aware, the System Integrator shall promptly notify the Authority of:
      1. any invention or design the subject of Patent or Registered Design rights (or application therefor) owned by a third party which appears to be relevant to the performance of this Contract or to use by the Authority of anything required to be done or delivered under this Contract;
      2. any restriction as to disclosure or use, or obligation to make payments in respect of any other intellectual property (including technical information) required for the purposes of this Contract or subsequent use by the Authority of anything delivered under this Contract and, where appropriate, the notification shall include such information as is required by section 2 of the Defence Contracts Act 1958;
      3. any allegation of infringement of intellectual property rights made against the System Integrator and which pertains to the performance of this Contract or subsequent use by the Authority of anything required to be done or delivered under this Contract.

This paragraph 1.1 (*Notifications*) does not apply in respect of Articles or Services normally available from the System Integrator as a COTS item or service.

* 1. If the information required under this Part 5 (*Third Party Intellectual Property*) of Schedule 11 (*IPR*) has been notified previously, the System Integrator may meet their obligations by giving details of the previous notification.

1. Patents and Registered Designs in the UK – COTS Articles or Services
   1. In respect of any question arising (by way of an allegation made to the Authority or System Integrator, or otherwise) that the manufacture or supply under this Contract of any Article or Service normally available from the System Integrator as a COTS item or service is an infringement of a United Kingdom Patent or Registered Design not owned or controlled by the System Integrator or the Authority, the System Integrator shall, subject to the agreement of the third party owning such Patent or Registered Design, be given exclusive conduct of any and all negotiations for the settlement of any claim or the conduct of any litigation arising out of such question. The System Integrator shall indemnify the Authority, its officers, agents and employees against any liability and cost arising from such allegation. This paragraph 2.1 (*Patents and Registered Designs in the UK – COTS Articles of Services*) will not apply if:
      1. the Authority has made or makes an admission of any sort relevant to such question;
      2. the Authority has entered or enters into any discussions on such question with any third party without the prior written agreement of the System Integrator;
      3. the Authority has entered or enters into negotiations in respect of any relevant claim for compensation in respect of Crown Use under section 55 of the Patents Act 1977 or section 12 of the Registered Designs Act 1977;
      4. legal proceedings have been commenced against the Authority or the System Integrator in respect of Crown Use, but only to the extent of such Crown Use that has been properly authorised.
   2. The indemnity in paragraph 2.1 (*Patents and Registered Designs in the UK – COTS Articles of Services*) of this Part 5 (*Third Party Intellectual Property*) of Schedule 11 (*IPR*) does not extend to use by the Authority of anything supplied under this Contract where that use was not reasonably foreseeable at the time of this Contract.
   3. In the event that the Authority has entered into negotiation in respect of a claim for compensation, or legal proceedings in respect of the Crown Use have commenced, the Authority shall forthwith authorise the System Integrator for the purposes of performing this Contract (but not otherwise) to utilise a relevant invention or design in accordance with sections 55 and 56 of the Patents Act 1977 or section 12 of the Registered Designs Act 1949 and to use any model, document or information relating to any such invention or design which may be required for that purpose.
2. Patents and Registered Designs in the UK – All other Articles and Services
   1. If a relevant invention or design has been notified to the Authority by the System Integrator prior to the date of this Contract, then unless it has been otherwise agreed, under the provisions of sections 55 and 56 of the Patents Act 1977 or section 12 of the Registered Designs Act 1949, the System Integrator is hereby authorised to utilise that invention or design, notwithstanding the fact that it is the subject of a United Kingdom Patent or United Kingdom Registered Design, for the purpose of performing this Contract.
   2. If, under paragraph 1.1 (*Notifications*) of this Part 5 of Schedule 11, a relevant invention or design is notified to the Authority by the System Integrator after the Effective Date, then:
      1. if the owner (or their exclusive licensee) takes or threatens in writing to take any relevant action against the System Integrator, the Authority shall issue to the System Integrator a written authorisation in accordance with the provisions of sections 55 and 56 of the Patents Act 1977 or section 12 of the Registered Designs Act 1949, and
      2. in any event, unless the System Integrator and the Authority can agree an alternative course of action, the Authority shall not unreasonably delay the issue of a written authorisation in accordance with the provisions of sections 55 and 56 of the Patents Act 1977 or section 12 of the Registered Designs Act 1949.
3. Patents, Utility Models and Registered Designs outside the UK
   1. The Authority shall assume all liability and shall indemnify the System Integrator, their officers, agents and employees against liability, including the System Integrator’s costs, as a result of infringement by the System Integrator or their suppliers of any Patent, Utility Model, Registered Design or like protection outside the United Kingdom in the performance of this Contract when such infringement arises from or is incurred by reason of the System Integrator following any specification, statement of work or instruction in this Contract or using, keeping or disposing of any item given by the Authority for the purpose of this Contract in accordance with this Contract.
   2. The System Integrator shall assume all liability and shall indemnify the Authority, its officers, agents and employees against liability, including the Authority’s costs, as a result of infringement by the System Integrator or their suppliers of any Patent, Utility Model, Registered Design or like protection outside the United Kingdom in the performance of this Contract when such infringement arises from or is incurred otherwise than by reason of the System Integrator following any specification, statement of work or instruction in this Contract or using, keeping or disposing of any item given by the Authority for the purpose of this Contract in accordance with this Contract.
4. Royalties and Other Licence Fees
   1. The System Integrator shall not be entitled to any reimbursement of any royalty, licence fee or similar expense incurred in respect of anything to be done under this Contract, where:
      1. a relevant discharge has been given under section 2 of the Defence Contracts Act 1958, or relevant authorisation in accordance with sections 55 or 57 of the Patents Act 1977, section 12 of the Registered Designs Act 1949 or section 240 of the Copyright, Designs and Patents Act 1988 in respect of any intellectual property, or
      2. any obligation to make payments for intellectual property has not been promptly notified to the Authority under paragraph 1.1 (*Notifications*) of this Part 5 of Schedule 11.
   2. Where an authorisation is given by the Authority under paragraph 2.3 (*Patents and Registered Designs in the UK – COTS Articles or Services*) and paragraphs 3.1 and 3.2 (*Patents and Registered Designs in the UK – all other Articles or Services*) of this Part 5 of Schedule 11, to the extent permitted by section 57 of the Patents Act 1977, section 12 of the Registered Designs Act 1949 or section 240 of the Copyright, Designs and Patents Act 1988, the System Integrator shall also be:
      1. released from payment whether by way of royalties, licence fees or similar expenses in respect of the System Integrator’s use of the relevant invention or design, or the use of any relevant model, document or information for the purpose of performing this Contract, and
      2. authorised to use any model, document or information relating to any such invention or design which may be required for that purpose.
5. Copyright, Design Rights etc.
   1. The System Integrator shall assume all liability and indemnify the Authority and its officers, agents and employees against liability, including costs as a result of:
      1. infringement or alleged infringement by the System Integrator or their suppliers of any copyright, database right, design right or the like protection in any part of the world in respect of any item to be supplied under this Contract or otherwise in the performance of this Contract;
      2. misuse of any confidential information, trade secret or the like by the System Integrator in performing this Contract;
      3. provision to the Authority of any information or material which the System Integrator does not have the right to provide for the purpose of this Contract.
   2. The Authority shall assume all liability and indemnify the System Integrator, their officers, agents and employees against liability, including costs as a result of:
      1. infringement or alleged infringement by the System Integrator or their suppliers of any copyright, database right, design right or the like protection in any part of the world in respect of any item provided by the Authority for the purpose of this Contract but only to the extent that the item is used for the purpose of this Contract;
      2. alleged misuse of any confidential information, trade secret or the like by the System Integrator as a result of use of information provided by the Authority for the purposes of this Contract, but only to the extent that System Integrator’s use of that information is for the purposes intended when it was disclosed by the Authority.
6. Authorisation and Indemnity – General
   1. 1. The above represents the total liability of each party to the other under this Contract in respect of any infringement or alleged infringement of Patent or other Intellectual Property Right owned by a third party.
      2. Neither party shall be liable, one to the other, for any consequential loss or damage arising as a result, directly or indirectly, of a claim for infringement or alleged infringement of any Patent or other Intellectual Property Right owned by a third party.
      3. A party against whom a claim is made or action brought, shall promptly notify the other party in writing if such claim or action appears to relate to an infringement which is the subject of an indemnity or authorisation given under this Part 5 (*Third Party Intellectual Property*) of Schedule 11 (*IPR*) by such other party. The notification shall include particulars of the demands, damages and liabilities claimed or made of which the notifying party has notice.
      4. The party benefiting from the indemnity or authorisation shall allow the other party, at their own expense, to conduct any negotiations for the settlement of the same, and any litigation that may arise therefrom and shall provide such information as the other party may reasonably require.
      5. Following a notification under paragraph 7.1.3 (*Authorisation and Indemnity – General*) of Part 5 (*Third Party Intellectual Property*) of Schedule 11 (*IPR*), the party notified shall advise the other party in writing within thirty (30) days whether or not they are assuming conduct of the negotiations or litigation. In that case the party against whom a claim is made or action brought shall not make any statement which might be prejudicial to the settlement or defence of such a claim without the written consent of the other party.
      6. The party conducting negotiations for the settlement of a claim or any related litigation shall, if requested, keep the other party fully informed of the conduct and progress of such negotiations.
      7. If at any time a claim or allegation of infringement arises in respect of copyright, database right, design right or breach of confidence as a result of the provision of any item by the System Integrator to the Authority, the System Integrator may at their own expense replace the item with an item of equivalent functionality and performance so as to avoid infringement or breach;
      8. The parties will co-operate with one another to mitigate any claim or damage which may arise from use of third party intellectual property rights.
   2. Sub-Contracts
      1. The System Integrator shall secure from any Sub-Contractor, the prompt notification to the Authority of the information required by paragraph 1.1 (*Notifications*) of this Part 5 of Schedule 11. On receipt of any such notification the Authority will issue a written authorisation to the Sub-Contractor in accordance with paragraph 3.2 (*Patents and Registered Designs in the UK – all other Articles or Services*) of this Part 5 of Schedule 11. Any such authorisation will be subject always to paragraphs 5.1 and 5.2 (*Royalties and Other Licence Fees*) and paragraph 7.1 (*Authorisation and Indemnity – General*) of this Part 5 of Schedule 11 as though the Sub-Contractor was the System Integrator. If any claim or action relevant to such authorisation arises, it shall be promptly notified to the Authority. The System Integrator is not authorised to enter into any substantive correspondence in such matter nor in any way to act on behalf of the Authority in such claim or action.
   3. Any arrangement between the System Integrator and Sub-Contractor to enable the System Integrator to underwrite their indemnities to the Authority under this Condition is a matter between the System Integrator and the Sub-Contractor.
7. General
   1. Nothing in this Part 5 of Schedule 11 (*IPR*) shall be taken as an authorisation or promise of an authorisation under section 240 of the Copyright, Designs and Patents Act 1988.
      1. Part 6: International Collaboration
   2. For the purpose of this Part 6 (*International Collaboration*) of Schedule 11 (*IPR*) the expression “**International Collaboration Agreement**” shall mean any agreement or arrangement made or proposed to be made between the United Kingdom Government and the government of another country or any government-sponsored international body for collaboration in a joint programme of research, development, production, supply or operations utilising any results produced under this Contract, and for the allocation of responsibility for work under such programme between the parties to such agreement or arrangement.
   3. Subject to the rights of third parties arising otherwise than from work performed under this Contract and to the provisions of this Part 6 (*International Collaboration*) of Schedule 11 (*IPR*), the Authority shall have the right under this paragraph 1.2 of Part 7 (*International Collaboration*) of Schedule 11 (*IPR*) to copy any copyright work furnished by the System Integrator under this Contract, the copyright in which belongs to the System Integrator, and to issue for information only such work or copy for the purpose of promoting the establishment of an International Collaboration Agreement and for the purpose of technical oversight of an International Collaboration Agreement made. Subject as aforesaid, the System Integrator shall, if requested by the Authority within the period prescribed in this Contract, provide the Authority with such assistance and further information as the Authority may reasonably require for such promotion and technical oversight. A reasonable charge for this service, based on the cost of providing it, will be borne by the Authority.
   4. If, under an International Collaboration Agreement made, the Authority agrees that any results produced under this Contract shall be utilised in work undertaken or shared by or on behalf of another party to such International Collaboration Agreement then, to the extent of their right to do so and on fair and reasonable terms approved by the Authority, the System Integrator shall, if requested by the Authority within the period prescribed in this Contract, make available under licence to that other party or their nominee, for use for the purpose provided in such an International Collaboration Agreement only, any information which the Authority is entitled to receive under this Contract, together with any technical assistance and background information necessary for the effective application of such information.
      1. If disclosure by the Authority under paragraph 1.2 of Part 6 (*International Collaboration*) of Schedule 11 (*IPR*) of any copyright work would affect any rights of the System Integrator or third parties arising otherwise than from work performed for the purposes of this Contract, the System Integrator shall have the right to place on such copyright work a notice stating that it is supplied under contract to the Authority and may not be issued outside United Kingdom Government Departments except in accordance with the conditions of this Contract. Before exercising its rights under paragraph 1.2 of Part 6 (*International Collaboration*) of Schedule 11 (*IPR*) in respect of any work bearing such notice the Authority shall give to the System Integrator prior written notice of fifteen days (or such other period as may be agreed) of its intention to do so and have regard to any representations made by the System Integrator at any time before issue takes place as to the protection of any separately identifiable trade secrets, know-how, or similar proprietary information arising otherwise than from work performed under this Contract. The System Integrator shall be free under the terms of this Part 6 (*International Collaboration*) of Schedule 11 (*IPR*) to make any proposals for the protection of the information referred to herein. In particular, the Authority shall give full consideration to any proposals the System Integrator may make for the preparation of a special International Collaboration Report, for the release of information in stages, or for restrictions on the circulation of the information to be released. The Authority shall be entitled to make issue contrary to such representations and proposals fifteen days after notifying the System Integrator in writing that it considers it in the national interest to do so.
      2. The Authority shall not have the right and the System Integrator shall not be obliged under this Part 6 (*International Collaboration*) of Schedule 11 (*IPR*) to disclose to a third party directly or indirectly manufacturing or design information with respect to units, sub-units or components not developed or designed under this Contract. Provided that if the System Integrator has not granted and does not wish to grant a licence to a manufacturer in the country of the other party and if so there is no reasonable substitute article available in the other country the System Integrator shall in that event be obliged to make the disclosure and grant a licence direct to at least one manufacturer in the country of the other party to be approved by the System Integrator. The System Integrator shall on request supply the identification and shape, size and function of such units, sub-units and components.
      3. The System Integrator shall on request insofar as they may be able to do so supply or procure the supply of such of the units, sub-units and components referred to in paragraph 1.4.2 of this Part 6 (*International Collaboration*) of Schedule 11 (*IPR*) as may be required to such other party within a reasonable timescale and on reasonable commercial, non-discriminatory terms.
      4. If the Authority makes issue of information contrary to the System Integrator’s representations under paragraph 1.4.1 of this Part 6 (*International Collaboration*) of Schedule 11 (*IPR*) as to the protection of trade secrets, know-how and similar proprietary information, the System Integrator shall be entitled to such compensation, if any, as is fair and reasonable in the circumstances.
   5. If the System Integrator is party to a licence or other agreement relating to the use of inventions, designs or technical information which restricts their freedom to supply or authorise the disclosure or use of information for the purposes of this Part 6 (*International Collaboration*) of Schedule 11 (*IPR*), the System Integrator shall, when tendering, quoting a price for this Contract, or offering to perform it (or, if at these times the restriction is not apparent, as soon thereafter as it is), notify the Authority and at the Authority's request use all reasonable efforts with the assistance and at the expense of the Authority to abate the restrictions to the extent required. Without the prior consent in writing of the Authority, the System Integrator shall not wittingly make use in the performance of this Contract of inventions, designs or technical information which are the subject of any agreement made after the date of this Contract or make any grant of rights in the results of work under this Contract which they know would restrict their freedom as aforesaid.
   6. Unless in respect of any particular Sub-Contract the Authority agrees otherwise, the System Integrator shall include the provisions of this Part 6 (*International Collaboration*) of Schedule 11 (*IPR)* mutatis mutandis in any subcontract placed by them for the performance of any work of research, study, or development for the purposes of this Contract.
   7. The Authority undertakes that it will consult with the System Integrator as early, as frequently and as fully as is reasonably practicable in the consideration of any International Collaboration Agreement into which it may wish to enter and will pay due regard to any representations of the System Integrator.
      1. Annex 1: Deliverables to which Part 3 (*Intellectual Property Rights Vesting in the Authority*) of Schedule 11 (*IPR*) applies
8. Amendments to Authority supplied documentation including the System Requirements Document;
9. Design data and technical drawings in relation to modifications to third party designs;
10. Amendments to System Architecture documentation or any newly generated System Architecture documentation;
11. Training Needs Analysis and supporting documentation;
12. Training materials generated under this Contract;
13. Any intellectual property generated or modified under this Contract to which neither Annex 2 (*Deliverables to be delivered as Unlimited Rights*) of Schedule 11 (*IPR*) nor Part 2 (*Intellectual Property Rights in Software*) of Schedule 11 applies.
    * 1. Annex 2: Deliverables to be delivered as Unlimited Rights
14. Operation and maintenance data pack(s) pre-existing at the Effective Date;
15. Training materials pre-existing at the Effective Date;
16. Systems Architecture documentation pre-existing at the Effective Date;
17. Interface Data pre-existing at the Effective Date; and
18. Design data and technical drawings in relation to modifications to designs, which design are owned by the System Integrator at the Effective Date.
19. 1. Transfer Regulations (TUPE)

In this Schedule 12, the following definition shall have the following meaning given:

1. “**Data Protection Legislation**” means all applicable data protection and privacy legislation in force from time to time in the UK, including but not limited to:
   1. the General Data Protection Regulation ((EU) 2016/679) as retained in UK law by the EU (Withdrawal) Act 2018 and the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (the "**UK General Data Protection Regulation**" or “**UK GDPR**”);
   2. the Data Protection Act 2018;
   3. the Privacy and Electronic Communications Directive 2002/58/EC (as updated by Directive 2009/136/EC) and the Privacy and Electronic Communications Regulations 2003 (SI 2003/2426) as amended; and
   4. all applicable legislation and regulatory requirements in force from time to time which apply to a party relating to the processing of personal data and privacy and the guidance and codes of practice issued by the Information Commissioner’s Office which apply to a party.

**EMPLOYEE TRANSFER ARRANGEMENTS ON EXIT**

* 1. **Information on Re-tender, Partial Termination, Termination or Expiry**
     1. No earlier than two (2) years preceding the termination, partial termination or Expiry Date of this Contract or a potential Transfer Date or at any time after the service of a notice to terminate this Contract or the provision of any of the System Integrator Deliverables (whether in whole or part) or on receipt of a written request by the Authority, the System Integrator shall (and shall procure that any Employing Sub-Contractor shall):
        1. supply to the Authority such information as the Authority may reasonably require in order to consider the application of the Transfer Regulations on the termination, partial termination or expiry of this Contract;
        2. supply to the Authority such full and accurate and up-to-date information as may be requested by the Authority including the information listed in Annex 1 to this Schedule 12 relating to the employees who are wholly or mainly employed, assigned or engaged in providing the System Integrator Deliverables or part of the System Integrator Deliverables under this Contract who may be subject to a Relevant Transfer;
        3. provide the information promptly and in any event not later than three (3) months from the date when a request for such information is made and at no cost to the Authority;
        4. acknowledge that the Authority will use the information for informing any prospective Follow-On System Integrator for any services and/or Articles which are substantially the same as the System Integrator Deliverables or part of the System Integrator Deliverables provided pursuant to this Contract; and
        5. inform the Authority of any changes to the information provided under paragraph 1.1.1(i) or 1.1.1(ii) up to the Transfer Date as soon as reasonably practicable.
     2. Three (3) months preceding the termination, partial termination or Expiry Date of this Contract or on receipt of a written request from the Authority the System Integrator shall:
        1. ensure that Employee Liability Information and such information listed in Part A of Annex 2 (*Personnel Information*) of this Schedule 12 relating to the Transferring Employees is provided to the Authority and/or any Follow-On System Integrator;
        2. inform the Authority and/or any Follow-On System Integrator of any changes to the information provided under this paragraph 1.1.2 up to any Transfer Date as soon as reasonably practicable; and
        3. enable and assist the Authority and/or any Follow-On System Integrator or any sub-contractor of a Follow-On System Integrator to communicate with and meet those employees and their trade union or other employee representatives.
     3. No later than twenty-eight (28) days prior to the Transfer Date the System Integrator shall provide the Authority and/or any Follow-On System Integrator with a final list of the Transferring Employees together with the information listed in Part B of Annex 2 (*Personnel Information*) of this Schedule 12 relating to the Transferring Employees. The System Integrator shall inform the Authority and/or Follow-On System Integrator of any changes to this list or information up to the Transfer Date.
     4. Within 14 days following the relevant Transfer Date the System Integrator shall provide to the Authority and/or any Follow-On System Integrator the information set out in Part C of Annex 2 of this Schedule 12 in respect of Transferring Employees.
     5. Paragraphs 1.1.1 and 1.1.2 of this Schedule 12 are subject to the System Integrator's obligations in respect of the Data Protection Legislation and the System Integrator shall use its best endeavours to obtain the consent of its employees (and shall procure that its Sub-Contractors use their best endeavours to obtain the consent of their employees) to the extent necessary under the Data Protection Legislation or provide the data in an anonymous form in order to enable disclosure of the information required under paragraphs 1.1.1 and 1.1.2. Notwithstanding paragraph 1.1.4, the System Integrator acknowledges (and shall procure that its Sub-Contractors acknowledge) that they are required to provide sufficient information to the Authority to enable the Authority to determine the nature of the activities being undertaken by employees engaged in providing the System Integrator Deliverables, to assess whether there is an organised grouping for the purposes of the Transfer Regulations and to assess who is assigned to such organised grouping. To the extent that anonymous data has been provided by the System Integrator pursuant to its obligations under paragraph 1.1.1 or 1.1.2 above, the System Integrator shall provide full data to the Authority no later than twenty-eight (28) days prior to the Transfer Date.
     6. On notification to the System Integrator by the Authority of a Follow-On System Integrator or within the period of six (6) months prior to the Expiry Date or after service of a notice to terminate this Contract (whether in whole or in part), whichever is earlier and in any event on receipt of a written request by the Authority, the System Integrator shall not and shall procure that an Employing Sub-Contractor shall not:
        1. materially amend or promise to amend the rates of remuneration or other terms and conditions of employment of any person wholly or mainly employed or engaged in providing the System Integrator Deliverables under this Contract; or
        2. replace or re-deploy from the System Integrator Deliverables any person wholly or mainly employed or engaged in providing the System Integrator Deliverables, or materially increase or decrease the number of persons performing the System Integrator Deliverables under this Contract or the working time spent on the System Integrator Deliverables (or any part thereof); or
        3. reorganise any working methods or assign to any person wholly or mainly employed or engaged in providing the System Integrator Deliverables (or any part thereof) any duties unconnected with the System Integrator Deliverables (or any part thereof) under this Contract; or
        4. terminate or give notice to terminate the employment of any person wholly or mainly employed or engaged in providing the System Integrator Deliverables (or any part thereof) under this Contract other than in the case of serious misconduct or for poor performance,

save in the ordinary course of business and with the prior written consent of the Authority (not to be unreasonably withheld or delayed) and the System Integrator shall indemnify and keep indemnified the Authority in respect of any reasonable costs (including reasonable legal costs), losses and expenses and all damages, compensation, fines and liabilities arising out of or in connection with any breach of paragraphs 1.1.1, 1.1.2, 1.1.3, 1.1.4 or 1.1.6 of this Schedule 12.

* + 1. The Authority may at any time prior to the period set out in paragraph 1.1.5 of this Schedule 12 request from the System Integrator any of the information in paragraphs 1(a) to (d) of Annex 1 and the System Integrator shall and shall procure any Sub-Contractors will provide the information requested within twenty-eight (28) days of receipt of that request.
  1. **Obligations in Respect of Transferring Employees** 
     1. To the extent that the Transfer Regulations apply on expiry, termination or partial termination of this Contract, the System Integrator shall and shall procure any Employing Sub-Contractor shall and the Authority shall and shall procure that a Follow-On System Integrator shall in such circumstances:
        1. before and in relation to the Transfer Date liaise with each other and shall co-operate with each other in order to implement effectively the smooth transfer of the Transferring Employees to the Authority and/or a Follow-On System Integrator; and
        2. comply with their respective obligations under the Transfer Regulations including their obligations to inform and consult under Regulation 13 of the Transfer Regulations.
  2. **Unexpected Transferring Employees**
     1. If a claim or allegation is made by an employee or former employee of the System Integrator or any Employing Sub-Contractor who is not named on the list of Transferring Employees provided under paragraph 1.1.3 (an "**Unexpected Transferring Employee**") that he has or should have transferred to the Authority and/or Follow-On System Integrator by virtue of the Transfer Regulations, the Party receiving the claim or allegation shall notify the other Party (or the System Integrator shall notify the Authority on the Sub-Contractor’s behalf and the Authority shall notify the System Integrator on the Follow-On System Integrator’s behalf) in writing as soon as reasonably practicable and no later than ten (10) Working Days after receiving notification of the Unexpected Transferring Employee's claim or allegation, whereupon:
        1. the System Integrator shall (or shall procure that the Employing Sub-Contractor shall), as soon as reasonably practicable, offer and/or confirm continued employment to the Unexpected Transferring Employee or take such other steps so as to effect a written withdrawal of the claim or allegation; and
        2. if the Unexpected Transferring Employee's claim or allegation is not withdrawn or resolved the System Integrator shall notify the Authority (who will notify any Follow-On System Integrator who is a party to such claim or allegation), and the Authority (insofar as it is permitted) and/or Follow-On System Integrator (as appropriate) shall employ the Unexpected Transferring Employee or as soon as reasonably practicable, (subject to compliance with its obligations at paragraph 1.3.1(iii)(C)), serve notice to terminate the Unexpected Transferring Employee's employment in accordance with his contract of employment; and
        3. the System Integrator shall indemnify the Authority against all reasonable costs (including reasonable legal costs) losses and expenses and all damages, compensation, fines and liabilities arising out of or in connection with any of the following liabilities incurred by the Authority or Follow-On System Integrator in dealing with or disposing of the Unexpected Transferring Employee's claim or allegation:
           1. any additional costs of employing the Unexpected Transferring Employee up to the date of dismissal where the Unexpected Transferring Employee has been dismissed in accordance with paragraph 1.3.1(ii);
           2. any liabilities acquired by virtue of the Transfer Regulations in relation to the Unexpected Transferring Employee;
           3. any liabilities relating to the termination of the Unexpected Transferring Employee's employment but excluding such proportion or amount of any liability for unfair dismissal, breach of contract or discrimination attributable:

to a failure by the Authority or a Follow-On System Integrator to act reasonably to mitigate the costs of dismissing such person);

directly or indirectly to the procedure followed by the Authority or a Follow-On System Integrator in dismissing the Unexpected Transferee; or

to the acts/omissions of the Authority or a Follow-On System Integrator not wholly connected to the dismissal of that person;

* + - * 1. any liabilities incurred under a settlement of the Unexpected Transferring Employee's claim which was reached with the express permission of the System Integrator (not to be unreasonably withheld or delayed);
        2. reasonable administrative costs incurred by the Authority or Follow-On System Integrator in dealing with the Unexpected Transferring Employee's claim or allegation, subject to a cap per Unexpected Transferring Employee of five thousand pounds (£5,000); and
        3. legal and other professional costs reasonably incurred.
    1. The Authority shall be deemed to have waived its right to an indemnity under paragraph 1.3.1(iii) if it fails without reasonable cause to take, or fails to procure any Follow-On System Integrator takes, any action in accordance with any of the timescales referred to in this paragraph 1.3.
  1. **Indemnities on transfer under the Transfer Regulations on Partial Termination, Termination or Expiry of this Contract**
     1. If on the expiry, termination or partial termination of this Contract there is a Relevant Transfer, the System Integrator shall indemnify the Authority and any Follow-On System Integrator against all reasonable costs (including reasonable legal costs) losses and expenses and all damages, compensation, fines and liabilities arising out of or in connection with any claim by any employee or trade union representative or employee representative arising whether before or after the Transfer Date out of any failure by the System Integrator or any Sub-Contractor to comply with their obligations under Regulation 13 of the Transfer Regulations in relation to any Transferring Employee or any other employee of the System Integrator or any Sub-Contractor affected by the Relevant Transfer (as defined by Regulation 13 of the Transfer Regulations), save to the extent that all reasonable costs (including reasonable legal costs), losses and expenses and all damages, compensation, fines and liabilities are a result of the act or omission of the Authority or the Follow-On System Integrator.
     2. If there is a Relevant Transfer, the Authority shall indemnify the System Integrator against all reasonable costs (including reasonable legal costs) losses and expenses and all damages, compensation, fines and liabilities arising out of, or in connection with:
        1. any claim or claims by a Transferring Employee at any time on or after the Transfer Date which arise as a result of an act or omission of the Authority or a Follow-On System Integrator or a sub-contractor of a Follow-On System Integrator during the period from and including the Transfer Date; and
        2. subject to paragraph 1.4.1 any claim by any employee or trade union representative or employee representative arising whether before or after the Transfer Date out of any failure by the Authority or a Follow-On System Integrator or a sub-contractor of a Follow-On System Integrator to comply with their obligations under Regulation 13 of the Transfer Regulations in relation to any Transferring Employee or any other employee engaged wholly or mainly in connection with the System Integrator Deliverables by the Follow-On System Integrator or any other employee of the Authority or any Follow-On System Integrator affected by the Relevant Transfer effected by this Contract (as defined by Regulation 13 of the Transfer Regulations),

save to the extent that all reasonable costs (including reasonable legal costs), losses and expenses and all damages, compensation, fines and liabilities are a result of the act or omission of the System Integrator or any Employing Sub-Contractor.

* + 1. In the event of a Relevant Transfer, the Authority shall indemnify the System Integrator in respect of all reasonable costs (including reasonable legal costs), losses and expenses and all damages, compensation, fines and other liabilities arising out of or in connection with or as a result of a substantial change by the Authority or a Follow-On System Integrator or any sub-contractor of a Follow-On System Integrator on or after the Transfer Date to the working conditions of any Transferring Employee to the material detriment of any such Transferring Employee. For the purposes of this paragraph 1.4.3, the expressions "substantial change" and "material detriment" shall have the meanings as are ascribed to them for the purposes of Regulation 4(9) of the Transfer Regulations.
  1. **Contracts (Rights of Third Parties) Act 1999**
     1. A Follow-On System Integrator may enforce the terms of paragraph 1.3 and 1.4 against the System Integrator in accordance with the Contracts (Rights of Third Parties) Act 1999.
     2. The consent of a Follow-On System Integrator (save where the Follow-On System Integrator is the Authority) is not required to rescind, vary or terminate this Contract.
     3. Nothing in this paragraph 1.5 shall affect the accrued rights of the Follow-On System Integrator prior to the rescission, variation, expiry or termination of this Contract.
  2. **General**
     1. The System Integrator shall not recover any costs and/or other losses under this Schedule 12 where such costs and/or losses are recoverable by the System Integrator elsewhere in this Contract and/or are recoverable under the Transfer Regulations or otherwise.
     2. Annex 1: System Integrator Personnel-Related Information to be Released Upon Re-Tendering where the Transfer Regulations apply

1. Pursuant to paragraph 1.1.1(ii) of this Schedule 12, the following information will be provided:
   1. The total number of individual employees (including any employees of Sub-Contractors) that are currently engaged, assigned or employed in providing the System Integrator Deliverables and who may therefore be transferred. Alternatively the System Integrator should provide information why any of their employees or those of their Sub-Contractors will not transfer;
   2. The total number of posts or proportion of posts expressed as a full-time equivalent value that currently undertakes the work that is to transfer;
   3. The preceding twelve (12) months total pay costs – (Pay, benefits employee/employer national insurance contributions and overtime); and
   4. Total redundancy liability including any enhanced contractual payments.
2. In respect of those employees included in the total at paragraph 1.1 the following information:
   1. Age (not date of Birth);
   2. Employment Status (i.e. Fixed Term, Casual, Permanent);
   3. Length of current period of continuous employment (in years, months) and notice entitlement;
   4. Weekly conditioned hours of attendance (gross);
   5. Standard Annual Holiday Entitlement (not "in year" holiday entitlement that may contain carry over or deficit from previous leave years);
   6. Pension Scheme Membership;
   7. Pension and redundancy liability information;
   8. Annual Salary;
   9. Details of any regular overtime commitments (these may be weekly, monthly or annual commitments for which staff may receive an overtime payment);
   10. Details of attendance patterns that attract enhanced rates of pay or allowances;
   11. Regular/recurring allowances; and
   12. Outstanding financial claims arising from employment (i.e. season ticket loans, transfer grants).
3. The information to be provided under this Annex 1 should not identify an individual employee by name or other unique personal identifier unless such information is being provided twenty-eight (28) days prior to the Transfer Date.
4. The System Integrator will provide (and will procure that the Sub-Contractors provide) the Authority/tenderers with access to the System Integrator's and Sub-Contractor’s general employment terms and conditions applicable to those employees identified at paragraph 1.1 of this Annex 1.
   * 1. Annex 2: Personnel Information to be Released Pursuant to this Contract
     2. Part A
5. Pursuant to paragraph 1.1.2 of this Schedule 12, the written statement of employment particulars as required by section 1 of the Employment Rights Act 1996 together with the following information (save where that information is included within that statement) which will be provided to the extent it is not included within the written statement of employment particulars:
   1. Personal, Employment and Career
      1. Age;
      2. Security Vetting Clearance;
      3. Job title;
      4. Work location;
      5. Conditioned hours of work;
      6. Employment Status;
      7. Details of training and operating licensing required for Statutory and Health and Safety reasons;
      8. Details of training or sponsorship commitments;
      9. Standard Annual leave entitlement and current leave year entitlement and record;
      10. Annual leave reckonable service date;
      11. Details of disciplinary or grievance proceedings taken by or against transferring employees in the last two (2) years;
      12. Information of any legal proceedings between employees and their employer within the previous two (2) years or such proceedings that the transferor has reasonable grounds to believe that an employee may bring against the transferee arising out of their employment with the transferor;
      13. Issue of Uniform/Protective Clothing;
      14. Working Time Directive opt-out forms; and
      15. Date from which the latest period of continuous employment began.
   2. Superannuation and Pay
      1. Maternity leave or other long-term leave of absence (meaning more than four (4) weeks) planned or taken during the last two (2) years;
      2. Annual salary and rates of pay band/grade;
      3. Shifts, unsociable hours or other premium rates of pay;
      4. Overtime history for the preceding twelve (12) month period;
      5. Allowances and bonuses for the preceding (12) month period;
      6. Details of outstanding loan, advances on salary or debts;
      7. Pension Scheme Membership;
      8. For pension purposes, the notional reckonable service date;
      9. Pensionable pay history for three (3) years to date of transfer;
      10. Percentage of any pay currently contributed under additional voluntary contribution arrangements; and
      11. Percentage of pay currently contributed under any added years arrangements.
   3. Medical
      1. Details of any period of sickness absence of three (3) months or more in the preceding period of twelve (12) months; and
      2. Details of any active restoring efficiency case for health purposes.
   4. Disciplinary
      1. Details of any active restoring efficiency case for reasons of performance; and
      2. Details of any active disciplinary cases where corrective action is on going.
   5. Further information
      1. Information about specific adjustments that have been made for an individual under the Equality Act 2010;
      2. Short term variations to attendance hours to accommodate a domestic situation;
      3. Individuals that are members of the Reserves, or staff that may have been granted special leave for public duties such as a School Governor; and
      4. Information about any current or expected maternity or other statutory leave or other absence from work.
      5. Part B
   6. Information to be provided twenty-eight (28) days prior to the Transfer Date:
      1. Employee's full name;
      2. Date of Birth;
      3. Home address; and
      4. Bank/building society account details for payroll purposes Tax Code.
      5. Part C
   7. Information to be provided within fourteen (14) days following a Transfer Date:
      1. Performance Appraisal
         1. The current year's Performance Appraisal;
         2. Current year’s training plan (if it exists); and
         3. Performance Pay Recommendations (PPR) forms completed in the current reporting year, or where relevant, any bonus entitlements;
      2. Superannuation and Pay
         1. Cumulative pay for tax and pension purposes;
         2. Cumulative tax paid;
         3. National Insurance Number;
         4. National Insurance contribution rate;
         5. Other payments or deductions being made for statutory reasons; and
         6. Any other voluntary deductions from pay.
6. 1. System Integrator’s Commercially Sensitive Information (DEFFORM 539A)[[12]](#footnote-13)
7. 1. Enabling Contracting Plan[[13]](#footnote-14)
8. 1. Exit Plan[[14]](#footnote-15)
9. 1. Quality Assurance Plan[[15]](#footnote-16)
10. 1. Cyber Implementation Plan[[16]](#footnote-17)
11. 1. Social Value Plan[[17]](#footnote-18)
12. 1. Hazardous Materials (DEFFORM 68)

Contract Number: UAS/00106

Contract Title: TIQUILA Programme Mini-Uncrewed Air Systems (MUAS) Contract

Contractor:

Date of Contract:

\* To the best of our knowledge there are no hazardous Articles, Deliverables, materials or substances to be supplied.

\* To the best of our knowledge the hazards associated with Articles, Deliverables, materials or substances to be supplied under the Contract are identified in the Safety Data Sheets (Qty:     ) attached in accordance with Condition 55 of the Terms and Condition of the Contract ;

Contractor’s Signature:

Name:

Job Title:

Date:

\* check box (☒) as appropriate

**To be completed by the Authority**

DMC:

NATO Stock Number:

Contact Name:

Contact Address:

Contact Phone Number:

Contact Email Address:

Copy to be forwarded to:

Hazardous Stores Information System (HSIS)

Department of Safety & Environment, Quality and Technology (D S & EQT)

Spruce 2C, #1260

MOD Abbey Wood (South)

Bristol, BS34 8JH

Email: [DESTECH-QSEPEnv-HSISMulti@mod.gov.uk](mailto:DESTECH-QSEPEnv-HSISMulti@mod.gov.uk)

1. 1. Addresses and Other Information (DEFFORM 111)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | | | | |
|  | **1. Authority’s Commercial Officer**  Name:  Address: Defence Equipment & Support, Remotely Piloted Air Systems Team, NH1, Yew 2c, Abbey Wood, Bristol, BS34 8JH  Email:     |  | **8. Public Accounting Authority**  1. Returns under DEFCON 694 (or SC equivalent) should be sent to DBS Finance ADMT – Assets In Industry 1, Level 4 Piccadilly Gate, Store Street, Manchester, M1 2WD   44 (0) 161 233 5397  2. For all other enquiries contact DES Fin FA-AMET Policy, Level 4 Piccadilly Gate, Store Street, Manchester, M1 2WD   44 (0) 161 233 5394 |  |
|  | | | | | |
|  | **2. Project Manager, Equipment Support Manager or PT Leader** (from whom technical information is available)  Name:  Address: Defence Equipment & Support, Remotely Piloted Air Systems Team, NH1, Yew 2c, Abbey Wood, Bristol, BS34 8JH  Email:   |  | **9. Consignment Instructions**  The items are to be consigned as follows: |  |
|  | | | | | |
|  | **3. Packaging Design Authority**  Organisation & point of contact:    (Where no address is shown please contact the Project Team in Box 2)   |  | **10. Transport.** The appropriate Ministry of Defence Transport Offices are:  **A. DSCOM**, DE&S, DSCOM, MoD Abbey Wood, Cedar 3c, Mail Point 3351, BRISTOL BS34 8JH  Air Freight Centre  IMPORTS  030 679 81113 / 81114 Fax 0117 913 8943  EXPORTS  030 679 81113 / 81114 Fax 0117 913 8943  Surface Freight Centre  IMPORTS  030 679 81129 / 81133 / 81138 Fax 0117 913 8946  EXPORTS  030 679 81129 / 81133 / 81138 Fax 0117 913 8946 |  |
|  | | |  |
|  | **4. (a) Supply / Support Management Branch or Order Manager:**  **Branch/Name:**    **(b) U.I.N.** |  | **B.** **JSCS**  JSCS Helpdesk No. 01869 256052 (select option 2, then option 3)  JSCS Fax No. 01869 256837  Users requiring an account to use the MOD Freight Collection Service should contact [UKStratCom-DefSp-RAMP@mod.gov.uk](mailto:UKStratCom-DefSp-RAMP@mod.gov.uk) <mailto:deswatergaurd-ics-support@mod.gov.uk>in the first instance. |  |
|  | | | | | |
|  | **5. Drawings/Specifications are available from** |  | **11. The Invoice Paying Authority**  Ministry of Defence  0151-242-2000  DBS Finance  Walker House, Exchange Flags Fax: 0151-242-2809  Liverpool, L2 3YL **Website is:** <https://www.gov.uk/government/organisations/ministry-of-defence/about/procurement#invoice-processing> |  |
|  | | | | | |
|  | **6. Intentionally Blank** |  | **12. Forms and Documentation are available through \*:**  Ministry of Defence, Forms and Pubs Commodity Management  PO Box 2, Building C16, C Site  Lower Arncott  Bicester, OX25 1LP (Tel. 01869 256197 Fax: 01869 256824)  **Applications via fax or email:**  [Leidos-FormsPublications@teamleidos.mod.uk](mailto:Leidos-FormsPublications@teamleidos.mod.uk) |  |
|  | | | | | |
|  | **7. Quality Assurance Representative:**    Commercial staff are reminded that all Quality Assurance requirements should be listed under the General Contract Conditions.  **AQAPS** and **DEF STANs** are available from UK Defence Standardization, for access to the documents and details of the helpdesk visit <http://dstan.gateway.isg-r.r.mil.uk/index.html> [intranet] or <https://www.dstan.mod.uk/> [extranet, registration needed]. |  | **\* NOTE**  **1.** Many **DEFCONs** and **DEFFORMs** can be obtained from the MOD Internet Site: <https://www.aof.mod.uk/aofcontent/tactical/toolkit/index.htm>  **2.** If the required forms or documentation are not available on the MOD Internet site requests should be submitted through the Commercial Officer named in Section 1. |  |
|  | | | | | |
|  | | | | | |

1. 1. Personal Data Particulars (DEFFORM 532)

|  |  |
| --- | --- |
| Personal Data Particulars | **DEFFORM 532**  Edn 10/19 |

This Form forms part of the Contract and must be completed and attached to each Contract containing DEFCON 532B.

**Note to Tenderers: This DEFFORM 532 must be completed as part of your Tender Response, where indicated. Any categories that do not apply should be answered as ‘Not Applicable’.**

|  |  |
| --- | --- |
| **Data Controller** | The Data Controller is the Secretary of State for Defence (the Authority).  The Personal Data will be provided by:  Defence Equipment & Support,  Remotely Piloted Air Systems Team,  NH1, Yew 2c,  Abbey Wood,  Bristol,  BS34 8JH |
| **Data Processor** | The Data Processor is the System Integrator.  The Personal Data will be processed at:  Tenderer to complete  *[insert address(es) and contact details]* |
| **Data Subjects** | The Personal Data to be processed under the Contract concern the following Data Subjects or categories of Data Subjects:  Authority Civilian and Military personnel  Contractors |
| **Categories of Data** | The Personal Data to be processed under the Contract concern the following categories of data:   1. Full Staff Names 2. Date of Birth / Age 3. Work Email Address 4. Nationality 5. Phone Numbers 6. Identification Document Numbers (Passport/Driving Licence/Service Numbers) 7. Security Clearance |
| **Special Categories of data (if appropriate)** | The Personal Data to be processed under the Contract concern the following Special Categories of data:  Not Applicable |
| **Subject matter of the processing** | The processing activities to be performed under the contract are as follows:  Tenderer to complete  *[This should be a high-level, short description of what processing will be taking place and its overall outcome i.e. its subject matter]* |
| **Nature and the purposes of the Processing** | The Personal Data to be processed under the Contract will be processed as follows:  Tenderer to complete  *[The nature of the processing means any operation such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction of data (whether by automated means or not) etc. The purpose might include: employment processing, statutory obligation, recruitment assessment etc]* |
| **Technical and organisational measures** | The following technical and organisational measures to safeguard the Personal Data are required for the performance of this Contract:  Tenderer to complete  *[Provide an overview of the measures described in the System Requirements, Statement of Work and/or the controls required in accordance with the Cyber Risk Profile relevant to the Contract, as detailed in Annex A to* [*Def Stan 05-138*](http://dstan.uwh.diif.r.mil.uk/standards/defstans/05/138/000002000.pdf)*. Examples include anonymisation, authorised access, data processed on closed/restricted systems]* |
| **Instructions for disposal of Personal Data** | The disposal instructions for the Personal Data to be processed under the Contract are as follows (where Disposal Instructions are available at the commencement of Contract):  Tenderer to complete  *[Describe how long the data will be retained and how it will be returned or destroyed]* |
| **Date from which Personal Data is to be processed** | Where the date from which the Personal Data will be processed is different from the Contract commencement date this should be specified here:  Tenderer to complete  *[please specify if applicable]* |

The capitalised terms used in this form shall have the same meanings as in the General Data Protection Regulations.

1. 1. Notifications of Intellectual Property Rights (IPR) Restrictions[[18]](#footnote-19)
      1. Part A – Notification of IPR Restrictions
      2. Part B – System/Product Breakdown Structure (PBS)
2. [[19]](#footnote-20)
   1. UK OFFICIAL and UK OFFICIAL-SENSITIVE Security Conditions for Contract with US System Integrators
3. Security Grading
   1. All aspects associated with this Contract are classified UK OFFICIAL. Some aspects are more sensitive and are classified as UK OFFICIAL-SENSITIVE. The Authority shall issue a Security Aspects Letter to the System Integrator which shall specifically define the UK OFFICIAL-SENSITIVE information that is furnished to it, or which is to be developed by it, under this Contract. The System Integrator shall mark all UK OFFICIAL-SENSITIVE documents which it originates or copies during this Contract clearly with the UK OFFICIAL-SENSITIVE classification.
4. Security Conditions
   1. The System Integrator shall take all reasonable steps to make sure that all individuals employed on any work in connection with this Contract have notice that these provisions apply to them and shall continue so to apply after the completion or earlier termination of this Contract.
5. Protection of UK OFFICIAL and UK OFFICIAL-SENSITIVE Information
   1. The System Integrator shall protect UK OFFICIAL and UK OFFICIAL-SENSITIVE information provided to or generated by it in accordance with the requirements detailed in this Schedule 23 and any other conditions that may be specified by the Authority. The System Integrator shall take all reasonable steps to prevent the loss or compromise of the information or from deliberate or opportunist attack.
   2. The System Integrator shall apply Industry Security Notices (ISNs) 2017/01/04/06 requirements to every industry owned IT and communication system used to store, process or generate Authority information including those systems containing UK OFFICIAL and/or UK OFFICIAL-SENSITIVE information. ISN 2017/01 details the Defence Assurance and Risk Tool (DART) registration, IT security accreditation processes, risk assessment and risk management requirements. The ISN series are available on Gov.UK website at : <https://www.gov.uk/government/publications/industry-security-notices-isns>
   3. All UK OFFICIAL and UK OFFICIAL-SENSITIVE material including documents, media and other material must be physically secured to prevent unauthorised access. When not in use UK OFFICIAL and UK OFFICIAL-SENSITIVE documents/material shall be handled with care to prevent loss or inappropriate access. As a minimum UK OFFICIAL-SENSITIVE documents/material shall be stored under lock and key and shall be placed in a lockable room, cabinets, drawers or safe and the keys/combinations shall be subject to a level of control.
   4. Disclosure of UK OFFICIAL and UK OFFICIAL-SENSITIVE information shall be strictly controlled in accordance with the "need to know" principle. Except with the written consent of the Authority, the System Integrator shall not disclose this Contract or any provision thereof to any person other than to a person directly employed by the System Integrator or Sub-Contractor, or service provider.
   5. Except with the consent in writing of the Authority the System Integrator shall not make use of this Contract or any information issued or furnished by or on behalf of the Authority otherwise than for the purpose of this Contract, and, save as provided for in paragraph 3.3 (*Protection of UK OFFICIAL and UK OFFICIAL-SENSITIVE Information*) of this Schedule 23 the System Integrator shall not make use of any article or part thereof similar to the Articles for any other purpose.
   6. Subject to any rights of Third Parties, nothing in this Schedule 23 shall restrict the System Integrator from using any specifications, plans, drawings and other documents generated outside of this Contract.
   7. Any samples, patterns, specifications, plans, drawings or any other documents issued by or on behalf of the Authority for the purposes of this Contract remain the property of the Authority and must be returned on completion of this Contract or, if directed by the Authority, destroyed in accordance with paragraph 10 (*Sub-Contracts*) of this Schedule 23.
6. Access
   1. Access to UK OFFICIAL and UK OFFICIAL-SENSITIVE information shall be confined to those individuals who have a “need-to-know”, have been made aware of the requirement to protect the information and whose access is essential for the purpose of his or her duties.
   2. The System Integrator shall ensure that all individuals requiring access to UK OFFICIAL-SENSITIVE information have undergone basic recruitment checks. This should include establishing proof of identity; confirming that they satisfy all legal requirements for employment by the System Integrator; and verification of their employment record. Criminal record checks should also be undertaken where permissible under national/local laws and regulations. This is in keeping with the core principles set out in the UK Government (HMG) Baseline Personnel Security Standard (BPSS).
7. Hard Copy Distribution
   1. UK OFFICIAL and UK OFFICIAL-SENSITIVE documents shall be distributed, both within and outside company premises in such a way as to make sure that no unauthorised person has access. It may be sent by ordinary post in a single envelope. The words UK OFFICIAL or UK OFFICIAL-SENSITIVE must not appear on the envelope. The envelope should bear a stamp or marking that clearly indicates the full address of the office from which it was sent. Commercial couriers may be used.
   2. Advice on the distribution of UK OFFICIAL-SENSITIVE documents abroad or any other general advice including the distribution of UK OFFICIAL-SENSITIVE hardware shall be sought from the Authority.
8. Electronic Communication and Telephony and Facsimile Services
   1. UK OFFICIAL information may be emailed unencrypted over the internet. UK OFFICIAL- SENSITIVE information shall normally only be transmitted over the internet encrypted using either a CESG Commercial Product Assurance (“**CPA**”) cryptographic product or an Authority approved cryptographic technique such as Transmission Layer Security (“**TLS**”). In the case of TLS both the sender and recipient organisations must have TLS enabled. Details of the required TLS implementation are available at: <https://www.ncsc.gov.uk/guidance/tls-external-facing-services>
   2. Details of the CPA scheme are available at: <https://www.ncsc.gov.uk/scheme/commercial-product-assurance-cpa>
   3. Exceptionally, in urgent cases UK OFFICIAL-SENSITIVE information may be emailed unencrypted over the internet where there is a strong business need to do so but only with the prior approval of the Authority. However, it shall only be sent when it is known that the recipient has been made aware of and can comply with the requirements of this Schedule 23 and subject to any explicit limitations that the authority shall require. Such limitations including any regarding publication, further circulation or other handling instructions shall be clearly identified in the email sent with the material.
   4. UK OFFICIAL information may be discussed on fixed and mobile telephones with persons located both within the country of the System Integrator and overseas. UK OFFICIAL-SENSITIVE information shall be discussed on fixed and mobile telephones only where there is a strong business need to do so and only with the prior approval of the Authority.
   5. UK OFFICIAL information may be faxed to recipients located both within the country of the System Integrator and overseas, however UK OFFICIAL-SENSITIVE information shall be faxed only where there is a strong business need to do so and only with the prior approval of the Authority.
9. Use of Information Systems
   1. The detailed functions that must be provided by an IT system to satisfy the minimum requirements cannot all be described here; it is for the implementers to identify possible means of attack and ensure proportionate security mitigations are applied to prevent a successful attack.
   2. The System Integrator shall ensure “10 Steps to Cyber Security” is applied in a proportionate manner for each IT and communications system storing, processing or generating MOD UK OFFICIAL or UK OFFICIAL-SENSITIVE information. “10 Steps to Cyber Security” is available at: <https://www.ncsc.gov.uk/guidance/10-steps-cyber-security>

The System Integrator shall ensure competent personnel apply “10 Steps to Cyber Security”.

* 1. As a general rule, any communication path between an unauthorised user and the data can be used to carry out an attack on the system or be used to compromise or ex-filtrate data.
  2. Within the framework of the “10 Steps to Cyber Security”, the following describes the minimum security requirements for processing and accessing UK OFFICIAL-SENSITIVE information on IT systems.
     1. Access: physical access to all hardware elements of the IT system is to be strictly controlled. The principle of “least privilege” will be applied to System Administrators. Users of the IT System (Administrators should not conduct ‘standard’ user functions using their privileged accounts.
     2. Identification and authentication (“**ID&A**”): all systems shall have the following functionality:
        1. up-to-date lists of authorised users; and
        2. positive identification of all users at the start of each processing session.
     3. Passwords: passwords are part of most ID&A, security measures. Passwords shall be ”strong” using an appropriate method to achieve this, for example, including numeric and “special” characters (if permitted by the system) as well as alphabetic characters.
     4. Internal access control: all systems shall have internal access controls to prevent unauthorised users from accessing or modifying the data.
     5. Data transmission: unless the Authority authorises otherwise, UK OFFICIAL-SENSITIVE information shall be transmitted or accessed electronically (e.g. point to point computer links) via a public network like the internet, using a CPA product or equivalent as described in paragraph 6.1 (*Electronic Communication and Telephony and Facsimile Services*) of this Schedule 23 above.
     6. Security accounting and audit: security relevant events fall into two categories, namely legitimate events and violations.
        1. The following events shall always be recorded:
           1. all log on attempts whether successful or failed;
           2. log off (including time out where applicable);
           3. the creation, deletion or alteration of access rights and privileges; and
           4. the creation, deletion or alteration of passwords.
        2. For each of the events listed above, the following information is to be recorded:
           1. type of event;
           2. user ID;
           3. date and time; and
           4. device ID.

The accounting records shall have a facility to provide the System Manager[[20]](#footnote-21) with a hard copy of all or selected activity. There shall also be a facility for the records to be printed in an easily readable form. All security records are to be inaccessible to users without a need to know.

If the operating system is unable to provide this then the equipment shall be protected by physical means when not in use i.e. locked away or the hard drive removed and locked away.

* + 1. Integrity and availability: the following supporting measures shall be implemented:
       1. provide general protection against normally foreseeable accidents/mishaps and known recurrent problems (e.g. viruses and power supply variations);
       2. defined business contingency plan;
       3. data backup with local storage;
       4. anti-virus software (implementation, with updates, of an acceptable industry standard anti-virus software);
       5. operating systems, applications and firmware should be supported; and
       6. patching of operating systems and applications used shall be in line with the manufacturers recommended schedule. If patches cannot be applied an understanding of the resulting risk will be documented.
    2. Logon banners: wherever possible, a “logon banner” shall be provided to summarise the requirements for access to a system which may be needed to institute legal action in case of any breach occurring.

A suggested format for the text (depending on national legal requirements) could be:

“*Unauthorised access to this computer system may constitute a criminal offence*”

* + 1. Unattended terminals: users are to be automatically logged off the system if their terminals have been inactive for some predetermined period of time, or systems must activate a password protected screen saver after fifteen (15) minutes of inactivity, to prevent an attacker making use of an unattended terminal.
    2. Internet connections: computer systems shall not be connected direct to the internet or ‘un-trusted’ systems unless protected by a firewall (a software based personal firewall is the minimum but risk assessment and management must be used to identify whether this is sufficient).
    3. Disposal: before IT storage media (e.g. disks) are disposed of, an erasure product shall be used to overwrite the data. This is a more thorough process than deletion of files, which does not remove the data.

1. Laptops
   1. Laptops holding any UK MOD supplied or contractor generated UK OFFICIAL-SENSITIVE information are to be encrypted using a CPA product or equivalent as described in paragraph 6.1 (*Electronic Communication and Telephony and Facsimile Services*) of Schedule 23 above.
   2. Unencrypted laptops and drives containing personal data are not to be taken outside of secure sites. For the avoidance of doubt the term “drives” includes all removable, recordable media e.g. memory sticks, compact flash, recordable optical media (e.g. CDs and DVDs), floppy discs and external hard drives.
   3. Any token, touch memory device or password(s) associated with the encryption package is to be kept separate from the machine whenever the machine is not in use, left unattended or in transit.
   4. Portable CIS devices holding MOD data are not to be left unattended in any public location. They are not to be left unattended in any motor vehicles either in view or in the boot or luggage compartment at any time. When the vehicle is being driven the CIS is to be secured out of sight in the glove compartment, boot or luggage compartment as appropriate to deter opportunist theft.
2. Loss and Incident Reporting
   1. The System Integrator shall immediately report the loss of any UK OFFICIAL or UK OFFICIAL- SENSITIVE information to the Authority.
   2. Accordingly, in accordance with Industry Security Notice 2017/03 as may be subsequently updated on Gov.UK website at: <https://www.gov.uk/government/publications/industry-security-notices-isns>

Any security incident involving any UK MOD owned, processed or System Integrator generated UK OFFICIAL or UK OFFICIAL-SENSITIVE information shall be immediately reported to the UK MOD Defence Industry Warning, Advice and Reporting Point (“**WARP**”), within the Joint Security Co-ordination Centre (“**JSyCC**”). This will assist the JSyCC in formulating a formal information security reporting process and the management of any associated risks, impact analysis and upward reporting to the UK MOD’s Chief Information Officer (“**CIO**”) and, as appropriate, the company concerned. The UK MOD WARP will also advise the contractor what further action is required to be undertaken.

**JSyCC WARP Contact Details**

**Email:** [DefenceWARP@mod.gov.uk](mailto:DefenceWARP@mod.gov.uk) (OFFICIAL with no NTK restrictions)

**RLI Email:** [defencewarp@modnet.rli.uk](mailto:defencewarp@modnet.rli.uk) (MULTIUSER)

**Telephone (Office hours):** +44 (0) 30 6770 2185

**JSyCC Out of hours Duty Officer:** +44 (0) 7768 558863

**Mail:** JSyCC Defence Industry WARP

X007 Bazalgette Pavilion, RAF Wyton, HUNTINGDON, Cambridgeshire, PE28 2EA

1. Sub-Contracts
   1. The System Integrator may Sub-Contract any elements of this Contract to Sub-Contractors within its own country or to contractors located in the United Kingdom notifying the Authority. When Sub-Contracting to a Sub-Contractor located in either its own country or to the UK the System Integrator shall ensure that this Schedule 23 shall be incorporated within the Sub-Contract document. The prior approval of the Authority shall be obtained should the System Integrator wish to Sub-Contract any UK OFFICIAL-SENSITIVE elements of this Contract to a Sub-Contractor facility located in another (third party) country. The first page of Appendix 5 (MOD Form 1686 (F1686)) of the Security Policy Framework Contractual Process chapter is to be used for seeking such approval. The MOD Form 1686 can be found at Appendix 5 at:[https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/710891/2 018\_May\_Contractual\_process.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/710891/2%20018_May_Contractual_process.pdf)

If the Sub-Contract is approved, the Authority shall provide the System Integrator with this Schedule 23 that shall be incorporated within the Sub-Contract document.

1. Publicity Material
   1. Contractors wishing to release any publicity material or display hardware that arises from this Contract must seek the prior approval of the Authority. Publicity material includes open publication in the contractor’s publicity literature or website or through the media; displays at exhibitions in any country; lectures or symposia; scientific or technical papers, or any other occasion where members of the general public may have access to the information even if organised or sponsored by the MOD, Services or any other government department.
2. Destruction
   1. As soon as no longer required, UK OFFICIAL and UK OFFICIAL-SENSITIVE information/material shall be destroyed in such a way as to make reconstitution very difficult or impossible, for example, by burning, shredding or tearing into small pieces. Advice shall be sought from the Authority when information/material cannot be destroyed or, unless already authorised by the Authority, when its retention is considered by the System Integrator to be necessary or desirable. Unwanted UK OFFICIAL- SENSITIVE information/material which cannot be destroyed in such a way shall be returned to the Authority.
3. Interpretation/Guidance
   1. Advice regarding the interpretation of the above requirements should be sought from the Authority.
   2. Further requirements, advice and guidance for the protection of MOD information at the level of UK OFFICIAL-SENSITIVE may be found in Industry Security Notices at:<https://www.gov.uk/government/publications/industry-security-notices-isns>
4. Audit
   1. Where considered necessary by the Authority the System Integrator shall provide evidence of compliance with this Schedule 23 and/or permit the inspection of the System Integrator’s processes and facilities by representatives of the System Integrator’s national security authorities or of the Authority to ensure compliance with these requirements.

1. To be provided by bidder. [↑](#footnote-ref-2)
2. Table to be populated by bidders. [↑](#footnote-ref-3)
3. Questionnaires will be deemed to have been completed when a questionnaire is submitted, even if all of the questions are not completed. [↑](#footnote-ref-4)
4. Defined terms in Schedule 6 to be confirmed by the Authority. [↑](#footnote-ref-5)
5. To be entered by successful bidder [↑](#footnote-ref-6)
6. [↑](#footnote-ref-7)
7. The Authority reserves the right to call for ad hoc meetings as necessary in agreement with the System Integrator and as necessary to ensure that the System Integrator fulfils the requirements of the Contract. [↑](#footnote-ref-8)
8. Populated version of the table provided with the ITN, proposed by successful bidder, to be inserted in final contract. [↑](#footnote-ref-9)
9. Populated version of the table provided with the ITN, proposed by successful bidder, to be inserted in final contract. [↑](#footnote-ref-10)
10. Populated version of the table provided with the ITN, proposed by successful bidder, to be inserted in final contract. [↑](#footnote-ref-11)
11. To be agreed between the successful bidder and the Authority. [↑](#footnote-ref-12)
12. To be provided by bidder. [↑](#footnote-ref-13)
13. To be provided by bidder. [↑](#footnote-ref-14)
14. To be provided by bidder. [↑](#footnote-ref-15)
15. To be provided by bidder. [↑](#footnote-ref-16)
16. Plan to be provided by successful bidder in the instance that they do not hold Cyber accreditation for a “moderate” level of Cyber risk. [↑](#footnote-ref-17)
17. To be provided by bidder. [↑](#footnote-ref-18)
18. The completed Part A and Part B from the successful bidder to be included on Contract Award [↑](#footnote-ref-19)
19. This Schedule is required only if the successful bidder is a US company. [↑](#footnote-ref-20)
20. Role/position to be confirmed with successful bidder (if required) [↑](#footnote-ref-21)