



Highways England Company Limited

Archaeology Framework

NEC4 Term Service Subcontract

(June 2017 with amendments January 2019)

Z Clauses

in relation to a *subcontract service* for

[insert contract name here and date]

CONTENTS AMENDMENT SHEET

Issue	Revision	Amendment	Initials	Date
1	0	Tender release.	RE	07/07/2020

Z CLAUSES (Term Service Subcontract)

Z Clauses Contents	
MANDATORY CLAUSES	
Number	Title
Z1	See Framework Contract Z Clauses
Z1M	Changes to Core and Secondary Option clauses
Z3 – 4	Not used
Z5 - 6	See Framework Contract Z Clauses
Z7 - 8	Not used
Z9	Not used
Z10M	Subsubcontracting
Z11	Not used
Z12 – 13	See Framework Contract Z Clauses
Z14	Not used
Z15 - 18	See Framework Contract Z Clauses
Z18M	Quality Management Points
Z19	See Framework Contract Z Clauses
Z20 – 21	Not used
Z22	See Framework Contract Z Clauses
Z23	Not used
Z24 – 25	See Framework Contract Z Clauses
Z27M	Termination – PCRs, Regulation 73
Z28M	Termination and removal of <i>service</i>
Z29 – 31	Not used
Z32M	Project Bank Account
Z33	See Framework Contract Z Clauses
Z33M	Joint ventures
Z34	See Framework Contract Z Clauses
Z35	Not used
Z36M	Construction Industry Scheme
Z37 – 58	Not used
Z59M	Payment of the <i>Contractor's</i> share
Z60M	Recovery of sums due from the <i>Contractor</i>
Z61 – 66	Not used
Z67M	Corruption or loss of data
Z68	Not used
Z69M	Infrastructure Act 2015
Z72	See Framework Contract Z Clauses
OPTIONAL CLAUSES (for lots 2 and 3 only)	
Number	Title
Z26M	Indemnified Claims
Z70M	Sectional completion
Z71M	Network Rail possessions
Z73M	Innovation – Title to Equipment

MANDATORY Z CLAUSES

Clause Z1M Changes to Core and Secondary Options Clauses
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In the *conditions of contract* replace

- *Client* with *Contractor*,
- *Contractor* with *Subcontractor*,
- contract with subcontract,
- *conditions of contract* with *conditions of subcontract*,
- Contract Data with Subcontract Data,
- Contract Date with Subcontract Date,
- *service* with *subcontract service*,
- Scope with Subcontract Scope,
- Provide the Service with Provide the Subcontract Service,
- *service areas* with *subcontract service areas*,
- *law of the contract* with *law of the subcontract*,
- Service Period with Subcontract Service Period,
- *service period* with *subcontract service period*,
- *starting date* with *subcontract starting date*,
- Named Suppliers with Subcontract Named Suppliers,
- Subcontractor with Subsubcontractor and
- subcontract with subsubcontract.

11 Identified and defined terms

11.2 (24) Amend the definition of “Disallowed Cost” in the *conditions of contract* as follows

- before the third main bullet point insert an extra bullet point
 - “was incurred in connection with additional audits of the *Subcontractor’s* quality management system carried out by or on behalf of the *Contractor*,”
- after the third main bullet point (before the first sub-bullet) insert and extra sub-bullet
 - “follow a Process or Procedure stated in its Quality Plan,”
- after “and the cost of” insert two extra bullet points before the first bullet point
 - “replacing a *key person* (and any associated costs),

- costs arising as a result of complying with requirements set out in
 - Scope Annex 9, section 2.4 and
 - Scope Annex 15, section 1.22,”

19 Task Orders

19.1 In clause 19.1 of the *conditions of contract*

- after the first bullet point, insert two new bullet points
 - “a description of the Task Order Area,
 - a description of the Task Sections,”
- delete the last bullet point and replace it with
 - “the amount of delay damages for the late completion of each of the Task Sections and the Task.”

22 People

22.3 In the *conditions of contract*, insert the new clause 22.3

“22.3 The *Subcontractor* ensures that each person named in the *key persons schedule* devotes a sufficient amount of time and effort to the provision of the *subcontract service*. The *Subcontractor* retains the services of each *key person* and does not remove or change the *key persons* unless any of the *key persons* are on long-term sickness leave, maternity leave (or equivalent) or leave the *Subcontractor’s* employment or the *Contractor* gives its prior written agreement for the replacement.”

22.4 In the *conditions of contract*, insert the new clause 22.4

“22.4 The *Subcontractor* bears the cost and any delay caused as a result of replacing a *key person*.”

24 Subsubcontracting

24.3 In clause 24.3 of the *conditions of contract* insert an additional bullet point after “A reason for not accepting the subsubcontract documents is that”

- “• they do not include all the provisions specified in the Subcontract Scope,”

26 Assignment

Delete clause 26 of the *conditions of contract*.

27 Disclosure

Delete clause 27 of the *conditions of contract*.

30 Starting and the Subcontract Service Period

30.1 Delete clause 30.1 of the *conditions of contract* and replace it with

“The *Subcontractor* does not start work until

- the *subcontract starting date* and
- for a Task Section until the subcontract starting date stated in the Task Order

and Provides the Subcontract Service until the latter of the end of the Subcontract Service Period and the latest Task Completion Date.”

60 Compensation events

60.1(1) In clause 60.1(1) of the *conditions of contract*, delete “or” at the end of the first bullet point and insert a comma. At the end of the clause delete the full stop and insert

“or

- a change to the Information Systems or the introduction of a new Information System,
- a change to the method of or requirements for performance measurement or
- stated elsewhere in the *conditions of contract* not to be a compensation event.”

60.1(5) Insert at the end of clause 60.1(5) of the *conditions of contract* (before the full stop)

“unless the instruction relates to a notification from the *Subcontractor* that a conflict of interest may exist or arise”.

82 Recovery of costs

82.1 In clause 82.1 of the *conditions of contract* add before “the *Contractor*” add “the *Client* or”.

82.4 Add new clause 82.4 to the *conditions of contract*

“For any one event, the liability of the *Subcontractor* to the *Contractor* for loss of or damage to the *Client’s* or *Contractor’s* property is limited to the amount stated in the Subcontract Data.”

83 Insurance cover

83.1 Delete clause 83.1 of the *conditions of contract* and insert

“83.1 The *Subcontractor* and the *Contractor* provide the insurances stated in, and to comply with the requirements set out in, Annex 03 to the Scope.”

83.3 Add a fourth type of insurance to the Insurance Table

INSURANCE AGAINST	MINIMUM AMOUNT OF COVER
Claims made against it arising out of the <i>Subcontractor's</i> failure to use the skill and care normally used by professionals providing services similar to the <i>subcontract service</i> .	The amount stated in the Subcontract Data for any one claim and in the annual aggregate.

90 Termination and reasons for termination

- 90.1 Where two or more Consortium Members comprise the *Subcontractor*, clause 90.1 of the *conditions of contract* is amended by inserting after “the other Party” the words “(or, in the case of the *Subcontractor*, any Consortium Member)”.
- 90.2 Where two or more Consortium Members comprise the *Subcontractor*, clause 90.2 of the *conditions of contract* is amended by inserting after “the other Party” the words “(or, in the case of the *Subcontractor*, any Consortium Member)”.

93 Payment on termination

- 93.2 Item A4 in clause 93.2 of the *conditions of contract* is deleted and replaced with the following:
- “substantiated quotation for the Works Contract costs up to a maximum of £50,000.”

¹Option X10 Information modelling

- X10.7(3) Delete this clause in the *conditions of contract*.

Option X11 Termination by the *Contractor*

- X11.2 Delete “A1, A2 and A4” and insert “A1 and A2” in clause X11.2 of the *conditions of contract*.

Option X18 Limitation of liability

- X18.5 In clause X18.5 of the *conditions of contract*, in the first line, delete “*Contractor*” and replace it with “*Client*”.

Delete the bullet points and insert in their place

- “loss of or damage to the *Client's* or *Contractor's* property,
- *delay damages*,
- *Subcontractor's* share,
- fraud or fraudulent misrepresentation,

¹ Include this clause only if Option X10 is used.

- events for which the subcontract requires the *Subcontractor* to insure (but only up to the required level for each type of insurance stated in the Scope),
- infringement of the rights of Others,
- loss or damage
 - to third party property or
 - due to pollution,
- loss arising from breach of
 - confidentiality or data protection obligations or
 - anti-bribery or anti-corruption obligations,
- interest on debt and
- losses caused by the *Subcontractor's* wilful misconduct illegal acts, deliberate default, deliberate abandonment or reckless misconduct.”

²Schedule of Cost Components

Delete and replace with the document entitled “Template Schedule of Cost Components” in Annex COC 1.

Clause Z10M Subsubcontracting	
Z10M.1	The <i>Subcontractor</i> assesses the amount due to a Subsubcontractor without taking into account the amount assessed under the subcontract.
Z10M.2	If the <i>Subcontractor</i> subcontracts work to an Associated Company, the Defined Cost of the work subcontracted is assessed as if the work had not been subcontracted unless otherwise agreed by the <i>Contractor</i> .
Z10M.3	The <i>Contractor</i> may, having stated the reasons, instruct the <i>Subcontractor</i> to remove a Subsubcontractor. The <i>Subcontractor</i> then arranges the removal of the Subsubcontractor and the appointment of a replacement in accordance with the subcontract.
Z10M.4	Not used.
Z10M.5	Before <ul style="list-style-type: none">• appointing a proposed subsubcontractor or• allowing a subsubsubcontractor to appoint a proposed subsubsubcontractor

² [Note to Highways England: In other recent contracts the SOCC has been amended in accordance with the commercial team's requirements. Highways England to confirm whether any such amendments are required here.]

the *Subcontractor* submits to the *Contractor* for acceptance

- either
 - a European Single Procurement Document (as described in regulation 59 of the Public Contracts Regulations 2015) in respect of the proposed subsubcontractor or subsubsubcontractor or
 - other means of proof that none of the mandatory or discretionary grounds for exclusion referred to in regulation 57 of the Public Contracts Regulations 2015 applies to the proposed subsubcontractor or subsubsubcontractor
- details of any RIDDOR Incident under any contract for which the proposed subsubcontractor or subsubsubcontractor is responsible and of any Enforcement Action brought against the proposed subsubcontractor or subsubsubcontractor.

Z10M.6

The *Subcontractor* does not appoint the proposed subsubcontractor (or allow the subsubcontractor to appoint the proposed subsubsubcontractor) until the *Contractor* has accepted the submission. A reason for not accepting the submission is that

- it shows that there are grounds for excluding the proposed subsubcontractor or subsubsubcontractor under regulation 57 of the Public Contracts Regulations 2015
- the *Contractor* is not satisfied that the proposed subsubcontractor or subsubsubcontractor has put in place adequate measures to ensure that the RIDDOR Incident or Enforcement Action will not recur.

Z10M.7

If requested by the *Contractor*, the *Subcontractor* provides further information to support, update or clarify a submission under clause Z10M.5.

Z10M.8

If, following the acceptance of a submission under clause Z10M.6, it is found that

- one of the grounds for excluding the subsubcontractor or subsubsubcontractor under regulation 57 of the Public Contracts Regulations 2015 applies or
- the subsubcontractor or subsubsubcontractor has not put in place adequate measures to ensure that the RIDDOR Incident or Enforcement Action will not recur

the *Contractor* may instruct the *Subcontractor* to

- replace the subsubcontractor or
- require the subsubcontractor to replace the subsubsubcontractor.

Clause Z18M Quality Management Points

- Z18M.1 A failure by the *Subcontractor* to take the agreed actions to reduce the number of Quality Management Points in effect under the subcontract to 25 or less following the issue of a quality warning notice is treated as a substantial failure by the *Subcontractor* to comply with its obligations.

Clause Z27M Termination – Public Contract Regulations 2015

- Z27M.1 The following are treated as a substantial failure by the *Subcontractor* to comply with its obligations
- the *Subcontractor* substantially or repeatedly breaks a requirement of environmental legislation,
 - the *Subcontractor* persistently or materially fails to comply with the Quality Statement or to meet any of the Performance Requirements or
 - a key resource needed by the *Subcontractor* to Provide the Subcontract Service is no longer available and the *Subcontractor* does not propose an alternative resource acceptable to the *Contractor*.
- Z27M.2 The *Contractor* may instruct the *Subcontractor* that
- part of the Affected Property or part of the *subcontract service* is to be permanently removed from the subcontract or
 - for urgent reasons of health and safety, part of the *subcontract service* is to be temporarily removed from the subcontract.
- In either case the *Subcontractor* acknowledges that the *Client* or the *Contractor* may itself, or appoint another supplier in place of the *Subcontractor* to
- undertake services similar to the *subcontract service* (or part of them) in relation to that part of the Affected Property or
 - undertake services similar to the removed *subcontract service* (or part of them).
- Z27M.3 An instruction given under clause Z27M.2 is assessed as a compensation event, except that if the instruction is given for one of the reasons R1-R15, R18 or R22, the assessment includes a deduction of the forecast of the additional cost to the *Contractor* of completing the removed *subcontract service*.

Clause Z28M Termination and removal of *subcontract service*

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- Z28M.1 The *Contractor* may terminate the *Subcontractor's* obligation to Provide the Subcontract Service for a reason not stated in this subcontract by notifying the *Subcontractor*.
- Z28M.2 The following are treated as a substantial failure by the *Subcontractor* to comply with its obligations
- the *Subcontractor* substantially or repeatedly breaks a requirement of environmental legislation,
 - the *Subcontractor* persistently or materially fails to comply with the Quality Statement or to meet any of the Performance Requirements or
 - a key resource needed by the *Subcontractor* to Provide the Subcontract Service is no longer available and the *Subcontractor* does not propose an alternative resource acceptable to the *Contractor*.

Clause Z33M Joint ventures

- Z33M.1 Where two or more Consortium Members comprise the *Subcontractor*, clause 91.1 of the *conditions of subcontract* is amended by inserting after “the other Party” wherever it appears (three places) the words “(or, in the case of the *Subcontractor*, any Consortium Member)”.

Clause Z36M Construction Industry Scheme

- Z36M.1 In this clause (but not otherwise)
- the “Act” is the Finance Act 2004 and
 - the “Regulations” are the Income Tax (Construction Industry Scheme) Regulations 2005.
- Z36M.2 The subcontract falls within the scope of the Construction Industry Scheme provided for by Chapter 3, Part 3 of the Act.
- Z36M.3 The *Subcontractor* provides the information required by the Regulations to enable the *Contractor* to verify (in accordance with paragraph 6 of the Regulations) whether the *Subcontractor* under the Act
- is registered for gross payment,
 - is registered for payment under deduction,
 - is exempt from registration as a local authority or other public body or
 - is neither registered nor exempt from registration.

- Z36M.4
- If the *Subcontractor* is registered for payment under deduction or is neither registered nor exempt from registration
- the *Subcontractor* submits an application for payment which separately identifies the cost of labour and
 - the *Contractor* deducts the relevant percentage from the payment in accordance with the Act and the Regulations.

Clause Z59M Payment of the *Subcontractor's* share

- Z59M.1
- [Note to compiler: This is mandatory if using main Option C. Optional if using main Option E only.]
- If, prior to end of the Subcontract Service Period of the whole of the *subcontract service*, the Price for Subcontract Service Provided to Date exceeds the total of the Prices, the *Contractor* makes an assessment of the *Subcontractor's* share of the difference between the total of the Prices and the Price for Subcontract Service Done to Date at each assessment date. The total of the Prices includes the *Contractor's* interim assessment of the changes to the Prices for a compensation event which has not been implemented at the assessment date.
- This share is included in the amount due to the *Subcontractor*.

Clause Z60M Recovery of sums due from the *Subcontractor*

- Z60M.1
- Where, under the subcontract a sum of money is recoverable from or payable by the *Subcontractor*, such sum may be deducted from or reduced by the amount of any sum or sums then due or which at any time after may become due to the *Subcontractor* under the subcontract or any other contract with the *Contractor*.

Clause Z67M Corruption or loss of data

- Z67M.1
- If any data of the *Client* or *Contractor* is corrupted, lost, stolen or sufficiently degraded as a result of the *Subcontractor's* default so as to be unusable, the *Subcontractor* immediately reports this to the *Contractor* and
- the *Contractor* may instruct the *Subcontractor* to restore the data in accordance with the *Client's* or the *Contractor's* requirements (and any cost incurred by the *Subcontractor* in so doing is Disallowed Cost) or
 - the *Contractor* may itself restore the data (and the *Subcontractor* pays to the *Contractor* any reasonable expenses which the *Contractor* incurs in so doing).

Clause Z69M Infrastructure Act 2015
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Z69M.1 The *Subcontractor* Provides the Subcontract Service in compliance with, and so as not to put the *Client* in breach of

- the Licence and
- any other directions and guidance issued by The Secretary of State to the *Client* under section 6 of the Infrastructure Act 2015 (and notified by the *Contractor* to the *Subcontractor*).

Z69M.2 The *Contractor* notifies the *Subcontractor* of any notice issued by the Office of Rail and Road to the *Client* under section 11(2)(a) of the Infrastructure Act 2015 that relates to the *service*. The *Subcontractor* complies with the terms of any such notice and indemnifies the *Client* against any associated fine imposed on the *Client* under section 11(2)(b) of that Act.

OPTIONAL Z CLAUSES (for lots 2 and 3 only)

Clause Z26M Indemnified Claims

- Z26M.1 The *Contractor* notifies the *Subcontractor* as soon as practicable of any notice or demand which it receives in respect of a matter for which the *Subcontractor* is liable under the contract (an Indemnified Claim).
- Z26M.2 The *Subcontractor* may elect to conduct the defence of any Indemnified Claim (including any settlement negotiations) in the name of the *Contractor*. The *Contractor* co-operates with and gives reasonable assistance to the *Subcontractor* in defending the Indemnified Claim.
- Z26M.3 The *Subcontractor* keeps the *Contractor* fully and regularly informed and consults with the *Contractor* as appropriate in relation to the conduct of any Indemnified Claim.
- Z26M.4 Where the *Subcontractor* is diligently conducting the defence of an Indemnified Claim, the *Contractor* does not settle nor agree to make a payment in respect of the Indemnified Claim without the prior consent of the *Subcontractor*.
- Z26M.5 The *Subcontractor* bears the costs which it incurs in defending an Indemnified Claim. The *Subcontractor* indemnifies the *Contractor* against any costs incurred by the *Contractor* arising out of the *Subcontractor's* defence of the Indemnified Claim.
- Z26M.6 The *Contractor* may, at any time prior to the settlement of an Indemnified Claim, give the *Subcontractor* notice that it is taking over the conduct of an Indemnified Claim. On receipt of the *Contractor's* notice the *Subcontractor*
- takes all the steps necessary to transfer the conduct of the Indemnified Claim to the *Contractor* and
 - co-operates with and gives reasonable assistance to the *Contractor* in defending the Indemnified Claim.
- Z26M.7 Where the reason for the *Contractor's* notice is not due to the fault of the *Subcontractor* in conducting the Indemnified Claim, the *Subcontractor* is released from its indemnity to the *Contractor* in respect of it.

Clause Z70M Sectional completion

- Z70M.1 In these *conditions of subcontract*, unless stated as the whole of the Task, each reference and clause relevant to
- the Task,

-
- Task Order,
 - Task Order Completion Date,
 - subcontract starting date for Task
 - delay damages and
 - *subcontract service period*

applies, as the case may be, to either the whole of the Task, Task Order or any Task Section of the Task.

Clause Z71M Network Rail possessions

Z71M.1 The *Subcontractor* pays the *Contractor* the relevant *Network Rail possession charge* for each additional possession required over and above the number of *Network Rail possessions* stated in the Subcontract Data. The number of *Network Rail possessions* is adjusted if additional possessions are required as a result of a compensation event.

Clause Z73M Innovation – Title to Equipment

Z73M.1 At Completion or (if earlier) when an Innovation is removed from the Affected Property, the *Contractor* may instruct the *Subcontractor* to transfer to the *Client* the title in any Equipment used in the development of the Innovation. The *Subcontractor* ensures that the legal and beneficial title in the relevant Equipment transfers from the *Subcontractor* or a subsubcontractor to the *Client* free of all liens, charges, options, encumbrances, rights, claims and other interests of any third party.

Annex COC 1: Template Schedule of Cost Components

This schedule is part of these *conditions of subcontract* when Option C or E is used. An amount is included

- only in one cost component and
- only if it is incurred in order to Provide the Subcontract Service.

In this schedule the <i>Contractor</i> means the <i>Contractor</i> and Associated Companies, but not its Subcontractors.	
People	<p>1 The following components of</p> <ul style="list-style-type: none"> • the cost of people who are directly employed by the <i>Subcontractor</i> and whose normal place of working is within the Service Areas and • the cost of people who are directly employed by the <i>Subcontractor</i> and whose normal place of working is not within the Service Areas but who are working in the Service Areas, proportionate to the time they spend working in the Service Areas. <p>11 Wages, salaries and amounts paid by the <i>Subcontractor</i> for people paid according to the time worked on the subcontract.</p> <p>12 Payments related to work on the subcontract and made to people for</p> <ul style="list-style-type: none"> (a) overtime (b) working in special circumstances (c) special allowances (d) absence due to sickness and holidays (e) statutory redundancy and notice severance on a pro rata basis for the period engaged in order to Provide the Subcontract Service where redundancy arises because the person is no longer required to be employed to Provide the Subcontract Service and that person cannot be deployed elsewhere. The amount of the statutory redundancy and notice severance will relate only to the length of service of that person in order to Provide the Subcontract Service. <p>13 Payments made in relation to people in accordance with their employment contract for</p> <ul style="list-style-type: none"> (a) travel, subsistence and lodging in accordance with the <i>Client's</i> travel and subsistence policy (b) relocation (c) medical examinations (d) passports and visas (e) travel insurance (f) items (a) to (f) for dependants (g) protective clothing (h) contributions, levies or taxes imposed by law

	<ul style="list-style-type: none"> (i) pensions and life assurance (j) death benefit (k) occupational accident benefits (l) medical aid and health insurance (m) a vehicle (n) safety training specific to Providing the Subcontract Service.
	<p>14 The following components of the cost of people who are not directly employed by the <i>Subcontractor</i> but are paid for by the <i>Subcontractor</i> according to the time worked while they are within the Service Areas.</p> <p>Amounts paid by the <i>Subcontractor</i>.</p>
Equipment	<p>2 The following components of the cost of Equipment which is used within the Service Areas.</p> <p>21 Payments for the hire or rent of Equipment not owned by</p> <ul style="list-style-type: none"> • the <i>Subcontractor</i>, • the <i>Subcontractor's</i> ultimate holding company or • a company with the same ultimate holding company <p>at the hire or rental rate multiplied by the time for which the Equipment is required.</p> <p>22 Payments for Equipment which is not listed in the Subcontract Data but is</p> <ul style="list-style-type: none"> • owned by the <i>Subcontractor</i>, • purchased by the <i>Subcontractor</i> under a hire purchase or lease agreement or • hired by the <i>Subcontractor</i> from the <i>Subcontractor's</i> ultimate holding company or from a company with the same ultimate holding company <p>at open market rates, multiplied by the time for which the Equipment is required.</p> <p>23 Payments for Equipment purchased for work included in the subcontract listed with a time- related on cost charge, in the Subcontract Data, of</p> <ul style="list-style-type: none"> • the change in value over the period for which the Equipment is required and • the time-related on cost charge stated in the Subcontract Data for the period for which the Equipment is required. <p>The change in value is the difference between the purchase price and either the sale price or the open market sale price at the end of the period for which the Equipment is required. Interim payments of the change in value are made at each assessment date. A final payment is made in the next assessment after the change in value has been determined.</p>

		<p>If the <i>Contractor</i> agrees, an additional item of Equipment may be assessed as if it had been listed in the Subcontract Data.</p>
	24	<p>Payments for special Equipment listed in the Subcontract Data. These amounts are the rates stated in the Subcontract Data multiplied by the time for which the Equipment is required.</p> <p>If the <i>Contractor</i> agrees, an additional item of special Equipment may be assessed as if it had been listed in the Subcontract Data.</p>
	25	<p>Payments for the purchase price of Equipment which is consumed.</p>
	26	<p>Unless included in the hire or rental rates, payments for</p> <ul style="list-style-type: none"> • transporting Equipment to and from the Service Areas other than for repair and maintenance, • erecting and dismantling Equipment and • constructing, fabricating or modifying Equipment as a result of a compensation event.
	27	<p>Payments for purchase of materials used to construct or fabricate Equipment.</p>
	28	<p>Unless included in the hire rates, the cost of operatives is included in the cost of people.</p>
Plant and Materials	3	<p>The following components of the cost of Plant and Materials.</p>
	31	<p>Payments for</p> <ul style="list-style-type: none"> • purchasing Plant and Materials, • delivery to and removal from the Service Areas, • providing and removing packaging and • samples and tests.
	32	<p>Cost is credited with payments received for disposal of Plant and Materials unless the cost is disallowed.</p>
Subsubcontractors	4	<p>The following components of the cost of Subsubcontractors.</p>
	41	<p>Payments to Subsubcontractors for work which is subsubcontracted, without taking into account any amounts paid to or retained from the Subsubcontractor by the <i>Subcontractor</i> which would result in the <i>Contractor</i> paying or retaining the amount twice.</p>
Charges	5	<p>The following components of the cost of charges paid by the <i>Subcontractor</i>.</p>
	51	<p>Payments for provision and use in the Service Areas of</p> <ul style="list-style-type: none"> • water, • gas, • electricity, • telephone and • internet.

	52	Payments to public authorities and other properly constituted authorities of charges which they are authorised to make in respect of the <i>subcontract service</i> .
	53	Payments for <ul style="list-style-type: none"> (a) cancellation charges arising from a compensation event (b) buying or leasing land or buildings within the Service Areas (c) compensation for loss of crops or buildings (d) royalties (e) inspection certificates (f) charges for access to the Service Areas (g) facilities for visits to the Service Areas by Others (h) consumables and equipment provided by the <i>Subcontractor</i> for the <i>Contractor's</i> offices.
Manufacture and fabrication	6	The following components of the cost of manufacture and fabrication of Plant and Materials which are manufactured or fabricated by the <i>Subcontractor</i> outside the Service Areas.
	61	Amounts calculated by multiplying each of the rates for people in the Subcontract Data by the total time appropriate to that rate spent on manufacture and fabrication outside the Service Areas.
<i>Shared subcontract services outside the Service Areas</i>	7	The following component of the cost of people who are providing a <i>shared subcontract service</i> outside the Service Areas.
	71	Amounts calculated by multiplying each of the rates for people in the Subcontract Data by the total time appropriate to that rate spent on design of <i>service</i> and Equipment outside the Service Areas.
Insurance	8	The following are deducted from cost <ul style="list-style-type: none"> • the cost of events for which the subcontract requires the <i>Subcontractor</i> to insure and • other costs paid to the <i>Subcontractor</i> by insurers.