



Defence
Infrastructure
Organisation

Call-Off Schedule 3

Continuous Improvement

Built Estate

REF: RM6089

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CALL-OFF SCHEDULE 3 – CONTINUOUS IMPROVEMENT

1. CONTINUOUS IMPROVEMENT

- 1.1. The Supplier shall be able, and is encouraged, throughout the Contract Period, to be innovative, learn from experience, and to:
 - 1.1.1 propose to the Buyer income generation opportunities;
 - 1.1.2 identify investment and gainshare opportunities;
 - 1.1.3 introduce new or potential improvements to the provision of the Deliverables; and
 - 1.1.4 introduce sustainability improvements with a view to improving efficiency and effectiveness of the Deliverables and achieving value for money to the taxpayer.
- 1.2 Without limiting Paragraph 1.1 of this Schedule, the Supplier shall produce at ISD¹ and at the start of each subsequent year a plan that covers at least the next 12 months ("**Continuous Improvement Plan**") for the Buyer's Approval. The Continuous Improvement Plan shall include, as a minimum, the following:
 - 1.2.1 identifying the emergence of any relevant new and evolving technologies which may support delivery of the Contract;
 - 1.2.2 proposed changes in business processes of the Supplier or the Buyer and ways of working that would provide cost savings and/or enhanced benefits to the Buyer (including but not limited to: methods of interaction, supply chain efficiencies, reduction in energy consumption and methods of sale);
 - 1.2.3 new or potential improvements to the provision of the Deliverables including the quality, responsiveness, procedures, benchmarking methods, likely performance mechanisms and Buyer support services in relation to the Deliverables;
 - 1.2.4 an outline business case, being the estimated investment costs of any specific changes that require investment and the likely benefits; including any proposals for funding of such changes from the Buyer and Supplier, and any income generation or gainshare proposals that relate;
 - 1.2.5 the actions (and action owners), the decisions and timescales required to deliver continuous improvements;
 - 1.2.6 identifying, managing, tracking and reporting the benefits delivered under the Contract; and

¹ An initial draft of the Continuous Improvement Plan was provided as part of the tender submission.

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- 1.2.7 measuring and reducing the sustainability impacts of the Supplier's operations and supply-chains pertaining to the Deliverables and identifying opportunities to assist the Buyer in meeting their sustainability objectives.
- 1.3 Where a Continuous Improvement Plan is Approved, it shall constitute the Continuous Improvement Plan for the purposes of this Contract.
- 1.4 The Supplier shall provide sufficient information with each suggested improvement to enable a Buyer decision on whether to implement it. The Supplier shall provide any further information as requested.
- 1.5 The Buyer has the right to Approve or reject any proposals that are proposed by the Supplier under this Schedule.
- 1.6 If the Buyer wishes to incorporate any improvement into this Contract, it shall request a Variation in accordance with the Variation Procedure.
- 1.7 Once the Continuous Improvement Plan has been Approved:
 - 1.7.1 the Supplier and Buyer shall use reasonable endeavours to implement any agreed Deliverables in accordance with the Continuous Improvement Plan; and
 - 1.7.2 the Parties agree to meet as soon as reasonably possible following the start of each quarter (or as otherwise agreed between the Parties) to review progress against the Continuous Improvement Plan and agree any amendment.
- 1.8 It is intended that the benefits of continuous improvement shall be shared by the Buyer and Supplier as follows:
 - 1.8.1 Any changes which require an investment only by the Supplier shall, in the associated business case, recognise that the Supplier shall first be entitled to recoup its investment and its declared profit, then any subsequent benefit shall be shared with the Buyer on a 50:50 basis, unless otherwise agreed.
 - 1.8.2 Any changes which require an investment by the Buyer and the Supplier shall share the benefits in proportion to the investment made, or as otherwise agreed. This shall be set out in the business case for the change before it is agreed.
 - 1.8.3 The Supplier is entitled to make efficiency improvements to improve its commercial position within its Fixed Price for Core Services. However, the Benchmarking processes in Call-Off Schedule 16 may result in the adjustment of the Charges.