

# **Standard Form Project Agreement (NPD Model)**

**Version 2: June 2012**

**SCOTTISH  
FUTURES  
TRUST**

**THIS STANDARD FORM PROJECT AGREEMENT  
MUST BE USED IN CONJUNCTION WITH THE  
STANDARD PROJECT AGREEMENTS USER'S  
GUIDE (VERSION 2) PUBLISHED BY THE SCOTTISH  
FUTURES TRUST**

**AGREEMENT**

**between**

**[AUTHORITY]**

**and**

**[PROJECT CO]**

**[Project]**

**[Date]**

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**BETWEEN:**

- (1) [ ] (the "**Authority**"); and
- (2) [ ] (registered under number [ ]) whose registered office is [ ] ("**Project Co**").

**WHEREAS:**

[ ]

**NOW IT IS HEREBY AGREED** as follows:

**PART 1: GENERAL**

**1 DEFINITIONS AND INTERPRETATION**

Schedule Part [ REF SchedulePart1 \h \\* MERGEFORMAT ] (*Definitions and Interpretation*) shall apply.

**2 EXECUTION AND DELIVERY OF DOCUMENTS**

On or prior to execution of this Agreement:

2.1 Project Co shall deliver to the Authority the documents referred to in Section [ REF SchedulePart2Section1 \h \\* MERGEFORMAT ] (*Documents to be delivered by Project Co*) of Schedule Part [ REF SchedulePart2 \h \\* MERGEFORMAT ] (*Completion Documents*) (unless the requirement to deliver any such document is waived by the Authority by written notice to Project Co); and

2.2 the Authority shall deliver to Project Co the documents referred to in Section [ REF SchedulePart2Section2 \h \\* MERGEFORMAT ] (*Documents to be delivered by the Authority*) of Schedule Part [ REF SchedulePart2 \h \\* MERGEFORMAT ] (*Completion Documents*) (unless the requirement to deliver any such document is waived by Project Co by written notice to the Authority).

**3 COMMENCEMENT AND DURATION**

This Agreement, and the rights and obligations of the parties, shall commence on the date of execution of this Agreement and, without prejudice to Clause [ REF \_Ref321237053 \w \h \\* MERGEFORMAT ], shall terminate automatically on the expiry of the Project Term.

## 4 PROJECT DOCUMENTS

### Ancillary Documents

- 4.1 Project Co shall perform its obligations under, and observe all of the provisions of, the Project Documents to which it is a party and shall not:
- 4.1.1 terminate or agree to the termination of all or part of any Ancillary Document;
  - 4.1.2 make or agree to any material variation of any Ancillary Document;
  - 4.1.3 in any material respect depart from its obligations (or waive or allow to lapse any rights it may have in a material respect), or procure that others in any material respect depart from their obligations (or waive or allow to lapse any rights they may have in a material respect), under any Ancillary Document; or
  - 4.1.4 enter into (or permit the entry into by any other person of) any agreement replacing all or part of (or otherwise materially and adversely affecting the interpretation of) any Ancillary Document,

unless the proposed course of action (and any relevant documentation) has been submitted to the Authority's Representative for review under Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) and either:

- (a) there has been no objection in accordance with paragraph [ REF \_Ref321304989 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) within twenty (20) Business Days of receipt by the Authority's Representative of the submission of the proposed course of action (and any relevant documentation), or such shorter period as may be agreed by the parties; or
- (b) Project Co is acting in accordance with the comments of the Authority as provided in paragraph [ REF \_Ref321403339 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*);

and, in the circumstances specified in Clause [ REF \_Ref321238781 \w \h \\* MERGEFORMAT ], Project Co has complied with Clause [ REF \_Ref321238790 \w \h \\* MERGEFORMAT ] (*Assignment and Sub-contracting*).

### Changes to Funding Agreements and Refinancing

- 4.2 Subject to Clauses [ REF \_Ref321238801 \w \h \\* MERGEFORMAT ], [ REF \_Ref321238814 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321238824 \w \h \\*

MERGEFORMAT ], Project Co shall be free, at any time, to enter into, terminate, amend, waive its rights and generally deal with its Funding Agreements on such terms and conditions as it sees fit without the prior written consent of the Authority provided that (at the time such action is contemplated and effected) the same will not materially and adversely affect the ability of Project Co to perform its obligations under the Project Documents or this Agreement.

4.3 No amendment, waiver or exercise of a right under any Funding Agreement or Ancillary Document shall have the effect of increasing the Authority's liabilities on early termination of this Agreement unless:

4.3.1 Project Co has obtained the prior written consent of the Authority to such increased liability for the purposes of this Clause [ REF \_Ref321238801 \w \h \\* MERGEFORMAT ]; or

4.3.2 it is a Permitted Borrowing.

4.4 Project Co shall not, without the prior written consent of the Authority for the purposes of this Clause [ REF \_Ref321238814 \w \h \\* MERGEFORMAT ], vary, amend or replace any Funding Agreement or enter into any new Funding Agreement, the effect of which is to:

4.4.1 change the circumstances in, or conditions on, which the Agreed Order of Priorities may be varied;

4.4.2 change the circumstances in, or conditions on, which Project Co is entitled or obliged to make payments into the Surplus Account; and/or

4.4.3 change the circumstances in, or conditions on, which Project Co is entitled or obliged to make Surplus Payments.

4.5 Any amendment or variation of any Funding Agreements which constitutes a Refinancing shall be carried out in accordance with the provisions of Schedule Part [ REF SchedulePart23 \h \\* MERGEFORMAT ] (*Refinancing*).

4.6 Without prejudice to Clause [ REF \_Ref321238856 \w \h \\* MERGEFORMAT ], Project Co shall liaise with the Authority, and shall use all reasonable endeavours to provide the Authority with a copy of the relevant agreement in settled draft form, not less than ten (10) Business Days before it enters into any Funding Agreement (other than the Initial Funding Agreements).

#### **Delivery**

4.7 Without prejudice to the provisions of this Clause [ REF \_Ref321238866 \w \h \\* MERGEFORMAT ] (*Project Documents*), if at any time an amendment is made to any Project Document, or Project Co enters into a new Project Document (or any agreement which affects the interpretation or application of any Project Document), Project Co shall deliver to the Authority a conformed copy of each

such amendment or agreement within ten (10) Business Days of the date of its execution or creation, certified as a true copy by an officer of Project Co.

### **Funding Default**

- 4.8 Project Co shall promptly upon the occurrence of a [Funding Default] notify the Authority of such [Funding Default].
- 4.9 The Authority may, in circumstances referred to in Clause [ REF \_Ref321238877 \w \h \\* MERGEFORMAT ] above (regardless of whether the Senior Funders have exercised any enforcement or similar rights under the Senior Funding Agreements), require Project Co to provide an [Interim Project Report] and to attend, and use all reasonable endeavours to ensure that the Senior Funders attend, such meetings as the Authority may convene to discuss such [Interim Project Report] and the circumstances giving rise to it.
- 4.10 Project Co shall promptly upon a failure by the Senior Funders to advance amounts due under the Senior Funding Agreements (or in circumstances that might reasonably be expected to lead to such a failure) notify the Authority of such failure (or expected failure).
- 4.11 The Authority may, in the circumstances referred to in Clause [ REF \_Ref321238901 \w \h \\* MERGEFORMAT ] above, require Project Co to attend, and use all reasonable endeavours to ensure that the Senior Funders attend, such meetings as the Authority may convene to discuss the circumstances.

## **5 THE PROJECT OPERATIONS**

### **Scope**

- 5.1 Subject to and in accordance with the provisions of this Agreement, Project Co shall perform its duties under this Agreement at its own cost and risk without recourse to the Authority except as otherwise expressly provided in this Agreement.

### **General standards**

- 5.2 Project Co shall at its own cost be solely responsible for procuring that the Project Operations are at all times performed:
- 5.2.1 in compliance with all Law and Consents (including without limitation the giving of notices and the obtaining of any such Consents) and so as not to prejudice the renewal of any such Consents;
- 5.2.2 in a manner that is not likely to be injurious to health or to cause damage to property;



- 5.2.3 in a manner consistent with the Quality Plans;
- 5.2.4 [except to the extent expressly stated to the contrary in the Authority's Construction Requirements or the Service Level Specification, in compliance with all applicable NHS Requirements;]
- 5.2.5 in a manner consistent with the Authority discharging its statutory duties and other functions undertaken by it as the same may be notified to Project Co from time to time; and
- 5.2.6 in so far as not in conflict with an express obligation of Project Co under this Agreement, or where in relation to a matter there is no express obligation or standard imposed on Project Co under this Agreement, in accordance with Good Industry Practice.

In the event that any ambiguity, uncertainty, dispute or discrepancy arises in the nature and scope of Project Co's obligations under this Clause [ REF \_Ref321238910 \w \h \\* MERGEFORMAT ] (*General Standards*), the provisions of this Clause [ REF \_Ref321238910 \w \h \\* MERGEFORMAT ] (*General Standards*) will be given meaning and have effect in descending order of precedence set out in this Clause [ REF \_Ref321238910 \w \h \\* MERGEFORMAT ] (*General Standards*).

### **Authority's Undertaking**

- 5.3 The Authority undertakes to Project Co that it shall:
  - 5.3.1 subject to the provisions of this Agreement, comply with all Laws, [NHS Requirements] and Consents applicable to it which relate to the Project Operations;
  - 5.3.2 not wilfully impede Project Co in the performance of its obligations under this Agreement (having regard always to the interactive nature of the activities of the Authority and of Project Co and to the Authority's use of the Facilities to provide the relevant Authority Services and any other operations or activities carried out by the Authority on or at the Site for the purposes contemplated by this Agreement and any other of the Authority's statutory functions);
  - 5.3.3 inform Project Co as soon as reasonably practicable if at any time it becomes unable to meet any of its financial obligations and in such case inform, and keep Project Co informed, of any course of action to remedy the situation recommended or required by the Scottish Government, the Authority or other competent authority; and
  - 5.3.4 to the extent permitted by Law, supply to Project Co within sixty (60) Business Days of their publication, a copy of the Authority's Annual Report and Accounts,

provided that, to avoid doubt, nothing in this Clause [ REF \_Ref321238941 \w \h \\* MERGEFORMAT ] (*Authority's Undertaking*) shall in any way fetter the discretion of the Authority in fulfilling its statutory functions.

### **Co-operation**

5.4 Each party agrees to co operate, at its own expense, with the other party in the fulfilment of the purposes and intent of this Agreement. To avoid doubt, neither party shall be under any obligation to perform any of the other's obligations under this Agreement.

5.5 [Without prejudice to the generality of Clause [ REF \_Ref325709966 \r \h ], the parties shall liaise with a view to ensuring that the requirements of The NHS and You and any other NHS requirement relating to customer service and satisfaction which may from time to time supplement or replace The NHS and You are met in respect of the operation of the Facilities.]

## **6 GENERAL OBLIGATIONS AND RESPONSIBILITIES OF PROJECT CO**

### **Other business**

6.1 Project Co shall not engage in any business or activity other than the business or activities related to, and conducted for, the purpose of the Project Operations.

### **Project Co Parties**

6.2 Subject to the provision of Clause [ REF \_Ref321238951 \w \h \\* MERGEFORMAT ], Project Co shall not be relieved or excused of any responsibility, liability or obligation under this Agreement by the appointment of any Project Co Party. Project Co shall, as between itself and the Authority, be responsible for the selection, pricing, performance, acts, defaults, omissions, breaches and negligence of all Project Co Parties. All references in this Agreement to any act, default, omission, breach or negligence of Project Co shall be construed accordingly to include any such act, default, omission, breach or negligence of a Project Co Party.

### **Safety**

6.3 Project Co shall, in carrying out the Project Operations, have full regard for the safety of all persons on the Site (whether lawfully or not) and keep the Site, the Works and the Facilities in an orderly state, appropriate in accordance with Good Industry Practice, to avoid danger to such persons.

## **7 AUTHORITY'S DATA**

### **No liability**

- 7.1 [Subject to Clause [ REF \_Ref326591581 \r \h ] (*Warranties*),] the Authority shall not be liable to Project Co for and Project Co shall not seek to recover from the Authority (or from any Authority Party) any damages, losses, costs, liabilities or expenses which may arise (whether in contract, delict or otherwise) from the adoption, use or application of the Disclosed Data by, or on behalf of, Project Co, the Independent Tester or any Project Co Party.

#### **No warranty**

- 7.2 [Subject to Clause [ REF \_Ref326591581 \r \h ] (*Warranties*),] the Authority gives no warranty or undertaking of whatever nature in respect of the Disclosed Data and, specifically (but without limitation), the Authority does not warrant that the Disclosed Data represents all of the information in its possession or power (either during the conduct of the tender process for the Project or at the time of execution of this Agreement) relevant or material to or in connection with the Project or the obligations of Project Co under this Agreement or under any of the Project Documents. In addition, [subject to Clause [ REF \_Ref326591581 \r \h ] (*Warranties*),] the Authority shall not be liable to Project Co in respect of any failure to disclose or make available to Project Co (whether before, on or after the execution of this Agreement) any information, documents or data, nor any failure to review or to update the Disclosed Data, nor any failure to inform Project Co (whether before, on or after execution of this Agreement) of any inaccuracy, error, omission, defects or inadequacy in the Disclosed Data.

#### **Project Co investigation**

- 7.3 [Without prejudice to its rights and remedies under Clause [ REF \_Ref326591581 \r \h ] (*Warranties*),] Project Co acknowledges and confirms that:
- 7.3.1 it has conducted its own analysis and review of the Disclosed Data and has, before the execution of this Agreement, satisfied itself as to the accuracy, completeness and fitness for purpose of any such Disclosed Data upon which it places reliance; and
  - 7.3.2 it shall not be entitled to and shall not (and shall procure that no Project Co Party shall) make any claim against the Authority or any Authority Party whether in contract, delict or otherwise including, without limitation, any claim in damages, for extensions of time or for additional payments under this Agreement on the grounds:
    - (a) of any misunderstanding or misapprehension in respect of the Disclosed Data; or
    - (b) that incorrect or insufficient information relating to the Disclosed Data was given to it by any person, whether or not an Authority Party,

nor shall Project Co be relieved from any obligation imposed on, or undertaken by it, under this Agreement on any such ground.

## REPRESENTATIVES

### Representatives of the Authority

- 8.1 The Authority's Representative shall be [ ] or such other person appointed pursuant to this Clause. The Authority's Representative shall exercise the functions and powers of the Authority in relation to the Project Operations which are identified in this Agreement as functions or powers to be carried out by the Authority's Representative. The Authority's Representative shall also exercise such other functions and powers of the Authority under this Agreement as may be notified to Project Co from time to time.
- 8.2 The Authority's Representative shall be entitled at any time, by notice to Project Co, to authorise any other person to exercise the functions and powers of the Authority delegated to him pursuant to this Clause, either generally or specifically. Any act of any such person shall, for the purposes of this Agreement, constitute an act of the Authority's Representative and all references to the "**Authority's Representative**" in this Agreement (apart from this Clause) shall be taken as references to such person so far as they concern matters within the scope of such person's authority.
- 8.3 The Authority may by notice to Project Co change the Authority's Representative. The Authority shall (as far as practicable) consult with Project Co prior to the appointment of any replacement for the Authority's Representative, taking account of the need for liaison and continuity in respect of the Project. Such change shall have effect on the date specified in the written notice (which date shall, other than in the case of emergency, be such date as will not cause material inconvenience to Project Co in the execution of its obligations under this Agreement).
- 8.4 During any period when no Authority's Representative has been appointed (or when the Authority's Representative is unable through illness, incapacity or any other reason whatsoever to carry out or exercise his functions under this Agreement) the Authority shall carry out the functions which would otherwise be performed by the Authority's Representative.
- 8.5 No act or omission of the Authority, the Authority's Representative or any officer, employee or other person engaged by the Authority shall, except as otherwise expressly provided in this Agreement:
- 8.5.1 in any way relieve or absolve Project Co from, modify, or act as a waiver or personal bar of, any liability, responsibility, obligation or duty under this Agreement; or
- 8.5.2 in the absence of an express order or authorisation under Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*), constitute or authorise a Change.
- 8.6 Except as previously notified in writing before such act by the Authority to Project Co, Project Co and Project Co's Representative shall be entitled to treat any act of the Authority's Representative which is authorised by this Agreement as being

expressly authorised by the Authority and Project Co and Project Co's Representative shall not be required to determine whether an express authority has in fact been given.

### **Representative of Project Co**

- 8.7 Project Co's Representative shall be [ ] or such other person appointed pursuant to Clause [ REF \_Ref321238963 \w \h \\* MERGEFORMAT ]. Project Co's Representative shall have full authority to act on behalf of Project Co for all purposes of this Agreement. Except as previously notified in writing before such act by Project Co to the Authority, the Authority and the Authority's Representative shall be entitled to treat any act of Project Co's Representative in connection with this Agreement as being expressly authorised by Project Co and the Authority and the Authority's Representative shall not be required to determine whether any express authority has in fact been given.
- 8.8 Project Co may by notice to the Authority change Project Co's Representative. Where Project Co wishes to do so it shall by written notice to the Authority propose a substitute for approval, taking account of the need for liaison and continuity in respect of the Project. Such appointment shall be subject to the approval of the Authority (not to be unreasonably withheld or delayed).
- 8.9 Project Co's Key Works Personnel are identified in Schedule Part [ REF SchedulePart3 \h \\* MERGEFORMAT ] (*Key Works Personnel*). Project Co shall, as far as it is within Project Co's control, ensure that such persons retain their involvement in the Works and, in particular, will not, for the duration of the Works, require or request any of them to be involved in any other project on behalf of Project Co or any of the Shareholders or its or their Associated Companies if, in the reasonable opinion of the Authority, this would adversely affect the Project.

### **Authority Observer**

- 8.10 Project Co shall, subject to Clauses [ REF \_Ref321238974 \w \h ] to [ REF \_Ref321238981 \w \h ], ensure that the Authority Observer:
- 8.10.1 is invited to attend all Project Co board meetings;
- 8.10.2 receives at or around the time that they are received by Project Co's board members) the agendas and supporting papers that are circulated to the board members in advance of the board meetings or tabled at the board meetings including, without prejudice to the foregoing generality, six-monthly management accounts, budgets and management reports (including explanations of material variances against budget) and the statutory accounts in respect of each financial year;
- 8.10.3 is permitted by Project Co to attend and participate (but not vote at) all Project Co board meetings; and

- 8.10.4 receives (at or around the same time as they are received by the board members) copies of the minutes of Project Co's board meetings and all other financial information relating to Project Co as any Director might reasonably require to keep himself properly informed about the activities of Project Co.
- 8.11 The Authority Observer shall, unless otherwise determined by a board resolution in respect of any particular matter, be entitled to disclose any information received pursuant to Clause [ REF \_Ref321239008 \w \h ] subject to and in accordance with the provisions of Clause [ REF \_Ref321239013 \w \h ] (*Confidentiality*) and the Authority shall procure that the individual appointed to fulfil such role executes suitable undertakings of confidentiality to comply with the terms of Clause [ REF \_Ref321239013 \w \h ] (*Confidentiality*).
- 8.12 Project Co, acting reasonably, shall be entitled to exclude the Authority Observer from attending Project Co's board meetings and withhold the agendas and supporting papers referred to in Clause [ REF \_Ref321239008 \w \h ]:
- 8.12.1 in the event that the Authority Observer discloses information received pursuant to Clause [ REF \_Ref321239008 \w \h ] other than in accordance with Clause [ REF \_Ref321238974 \w \h ]; or
- 8.12.2 where and for so long as the conduct of the Authority Observer is inappropriate.
- 8.13 Project Co shall be entitled to exclude the Authority Observer from attending any part of a Project Co board meeting at which:
- 8.13.1 the exercise or purported exercise of contractual rights by Project Co against the Authority or by the Authority against Project Co; or
- 8.13.2 any claims or potential claims by Project Co against the Authority or by the Authority against Project Co; or
- 8.13.3 any matter of interpretation of this Agreement,
- is discussed and shall be entitled to withhold from the Authority any supporting papers and information to the extent that they relate to the matters listed in Clauses [ REF \_Ref321239047 \w \h ] to [ REF \_Ref321239055 \w \h ].

## PART 2: LAND ISSUES

### 9 NATURE OF LAND INTERESTS

#### Access During Construction

9.1 From the Commencement Date until the Actual Completion Date or (if earlier) the Termination Date, the Authority shall grant to Project Co and Project Co Parties, or procure that Project Co and the Project Co Parties are granted:

9.1.1 access to the Site; and

9.1.2 the Ancillary Rights;

in each case subject only to the Reserved Rights, the Title Conditions and the Authority's rights under this Agreement and solely for the purposes of implementing the Works and carrying out Project Co's Pre-Completion Commissioning.

#### Access Following Construction

9.2 After the occurrence of the Actual Completion Date [a Phase Actual Completion Date] the Authority shall grant to Project Co and Project Co Parties, or procure that Project Co and Project Co Parties are granted, access to the Facilities subject only to the Reserved Rights, the Title Conditions and the provisions of this Agreement and solely for the purposes of:

9.2.1 carrying out the Project Operations (other than those Project Operations for which Project Co is granted rights pursuant to Clause [ REF \_Ref321239067 \w \h \\* MERGEFORMAT ] (*Access During Construction*));

9.2.2 remedying Defects and carrying out Snagging Matters [relating to that Phase]; and

9.2.3 exercising the Ancillary Rights.

Such rights shall terminate on the Expiry Date or (if earlier) the Termination Date.

#### Extent of Rights

9.3 The rights referred to at Clauses [ REF \_Ref321239067 \w \h \\* MERGEFORMAT ] (*Access During Construction*) and [ REF \_Ref321239162 \w \h \\* MERGEFORMAT ] (*Access Following Construction*) shall not operate or be deemed to operate as a lease of the Facilities or the Site or any part of the

Facilities or the Site and Project Co shall not have or be entitled to exclusive possession (save to the extent expressly included within the Ancillary Rights) or any estate, right, title or interest in and to the Site or the Facilities except as provided herein and shall occupy the Site as a licensee only.

9.4 The rights referred to at Clause [ REF \_Ref321239067 \w \h \\* MERGEFORMAT ] (*Access During Construction*) and [ REF \_Ref321239162 \w \h \\* MERGEFORMAT ] (*Access Following Construction*) are personal to Project Co and the Project Co Parties.

9.5 Project Co shall procure that:

9.5.1 all Project Operations carried out at the Site by or on behalf of Project Co (whether before, during or after the completion of the Works) shall be carried out in a manner which does not breach any of the Title Conditions and/or the Reserved Rights; and

9.5.2 there shall be no action, or omission to act by Project Co or a Project Co Party, which shall give rise to a right for any person to obtain title to the Site or any part of it.

9.6 Notwithstanding the terms of Clauses [ REF \_Ref321239067 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321239162 \w \h \\* MERGEFORMAT ] or any other rights granted under this Agreement, the Authority shall (if it is the heritable proprietor of the Site), or (if it is not the heritable proprietor of the Site) shall procure that the heritable proprietor of the Site shall, enter into such wayleaves, deeds of servitude or other similar agreements with any third party that Project Co or any Project Co Party may require to be granted in favour of or by any third party, in order to exercise its rights or perform its obligations under this Agreement. The Authority shall enter into (or, where appropriate, shall procure that the heritable proprietor of the Site shall enter into) any such wayleave, deed of servitude or other similar agreement, as soon as reasonably practicable after Project Co has provided to the Authority all relevant information in connection therewith provided always that Project Co has obtained at its own cost the prior agreement of the third party in terms acceptable to the Authority (acting reasonably). Project Co shall reimburse the Authority for all costs and expenses reasonably and properly incurred by the Authority (and/or the heritable proprietor of the Site) in connection with entering into such wayleaves, deeds of servitude or other similar agreements at the request of Project Co.

## 10 THE SITE

10.1 The condition of the Site shall[, subject to Clauses [ REF \_Ref325711485 \r \h \\* MERGEFORMAT ] and [ REF \_Ref325711761 \r \h \\* MERGEFORMAT ],] be the sole responsibility of Project Co. Accordingly (without prejudice to any other obligation of Project Co under this Agreement), Project Co shall be deemed to have:

10.1.1 carried out a Ground Physical and Geophysical Investigation and to have inspected and examined the Site and its surroundings and (where applicable) any existing structures or works on, over or under the Site;



- 10.1.2 satisfied itself as to the nature of the Site Conditions, the ground and the subsoil, the form and nature of the Site, the load bearing and other relevant properties of the Site, the risk of injury or damage to property affecting the Site, the nature of the materials (whether natural or otherwise) to be excavated and the nature of the design, work and materials necessary for the execution of the Works;
  - 10.1.3 satisfied itself as to the extent and adequacy of the Site and of the rights of access to and through the Site granted hereunder and any accommodation it may require for the purposes of fulfilling its obligations under this Agreement (such as additional land or buildings outside the Site) without prejudice to Project Co's rights under this Agreement in respect of a breach by the Authority of its obligations under Clause [ REF \_Ref321239067 \w \h \\* MERGEFORMAT ] and/or Clause [ REF \_Ref321239162 \w \h \\* MERGEFORMAT ];
  - 10.1.4 satisfied itself as to the precautions, times and methods of working necessary to prevent any nuisance or interference, whether public or private, being caused to any third parties; and
  - 10.1.5 satisfied itself as to the conditions, burdens, restrictions and reservations set out in the Title Conditions and the Reserved Rights.
- 10.2 To avoid doubt, Project Co accepts full responsibility for all matters referred to in Clause 10.1 and [subject to Clause [ REF \_Ref325711485 \r \h \\* MERGEFORMAT ] and Clause [ REF \_Ref325711761 \r \h \\* MERGEFORMAT ] [and Clause [ REF \_Ref326591581 \r \h ] (*Warranties*)],] Project Co shall:
- 10.2.1 not be entitled to make any claim against the Authority of any nature whatsoever save, if applicable, as expressly provided in Clause [ REF \_Ref321239305 \w \h \\* MERGEFORMAT ] (*Delay Events*), on any grounds including (without limitation) the fact that incorrect or insufficient information on any matter relating to the Site was given to it by any person, whether or not the Authority or an Authority Party; and
  - 10.2.2 be responsible for, and hold the Authority harmless from, cleaning up and/or otherwise dealing with any Contamination at the Site so that it shall at all times comply with its obligations under this Agreement including (without limitation) complying with, at its own cost, any applicable Laws and any Consents, orders, notices or directions of any regulatory body (whether made against the Authority or Project Co).

**[Responsibility for Ground Conditions and Contamination**

- 10.3 To the extent that unforeseen ground conditions and/or Contamination exist in any parts of the Site which are under existing buildings as at the Execution Date and which it is not practical for Project Co to investigate or survey, Project Co shall not be responsible for them unless they were discovered by the Ground Physical and Geophysical Investigation and accordingly identified in Section 3 (*Authority's Construction Requirements*) of Schedule Part 6 (*Construction Matters*) or unless they should reasonably have been discoverable if the Ground Physical and

Geophysical Investigation had been properly carried out or unless they would have been identified had Project Co carried out such additional surveys as it would have been reasonable to expect an experienced contractor to have carried out in the circumstances. The Authority shall be responsible for any ground conditions and/or Contamination for which Project Co is not responsible by virtue of this Clause [ REF \_Ref325711427 \r \h \\* MERGEFORMAT ]. This Clause [ REF \_Ref325711443 \r \h \\* MERGEFORMAT ] applies to the following areas: [ ].

- 10.4 Where pursuant to Clause [ REF \_Ref325711485 \r \h \\* MERGEFORMAT ] the Authority is responsible for any of the matters referred to then the following provisions shall apply:
- 10.4.1 during the Construction Phase any such matter shall be deemed to be a Compensation Event for the purposes of this Agreement;
  - 10.4.2 where any such matter arises during the Operational Term it shall, for the avoidance of doubt, be deemed to be an Excusing Cause for the purposes of Clause [ REF \_Ref325711559 \r \h \\* MERGEFORMAT ] (*Excusing Causes*);
  - 10.4.3 further where any such matter arises during the Operational Term and any work or change to the Services is required or instructed to be done in consequence of it, it shall be deemed to be a Qualifying Change; and
  - 10.4.4 where any such matter is Contamination (whether during the Construction Phase or the Operational Term) the Authority shall further hold Project Co harmless from cleaning up and otherwise dealing with the Contamination and shall indemnify Project Co in respect of all Direct Losses incurred by Project Co resulting from such Contamination.]

## 11 CONSENTS & PLANNING APPROVAL

- 11.1 Project Co shall be responsible for:
- 11.1.1 obtaining all Consents which may be required for the performance of the Project Operations; and
  - 11.1.2 implementing each Consent within the period of its validity in accordance with its terms.
- 11.2 In the event that:
- 11.2.1 a Consent that has been granted is subsequently amended, repealed, revoked or otherwise ceases to be in full force and effect in accordance with its terms as a consequence of any action by a Relevant Authority;

11.2.2 affected persons are entitled to claim compensation for the adverse effects of such action under a statutory scheme of compensation; and

11.2.3 Project Co is not entitled in its own name to claim under that scheme but the Authority is so entitled

the Authority must use all reasonable endeavours, at the request and at the cost of Project Co, to claim or to include within its claim such sums as Project Co acting reasonably requests and shall pay to Project Co the part of any compensation that it receives under that scheme that relates to the sums claimed at the request of Project Co.

## PART 3: DESIGN AND CONSTRUCTION

### 12 THE DESIGN CONSTRUCTION AND COMMISSIONING PROCESS

#### Overall Responsibility

12.1 Project Co shall carry out the Works:

12.1.1 so as to procure satisfaction of the Authority's Construction Requirements;

12.1.2 in accordance with Project Co's Proposals; and

12.1.3 in accordance with the terms of this Agreement.

12.2 To avoid doubt, the obligations in Clauses [ REF \_Ref321239329 \w \h \\* MERGEFORMAT ], [ REF \_Ref321239336 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321239343 \w \h \\* MERGEFORMAT ] are independent obligations. In particular:

12.2.1 the fact that Project Co has complied with Project Co's Proposals shall not be a defence to an allegation that Project Co has not satisfied the Authority's Construction Requirements; and

12.2.2 the fact that Project Co has satisfied the Authority's Construction Requirements shall not be a defence to an allegation that Project Co has failed to comply with Project Co's Proposals.

#### Design responsibility

12.3 Project Co warrants that it has used, and will continue to use, the degree of skill and care in the design of the Facilities that would reasonably be expected of a competent professional designer experienced in carrying out design activities of a similar nature, scope and complexity to those comprised in the Works.

#### Corporate Identity and Signage

12.4 The parties acknowledge that the Authority may, from time to time during the Construction Phase, be required to procure the erection of hoarding, site boards, plaques and/or other signage in connection with the Project. Accordingly:

12.4.1 where requested by the Authority (acting reasonably), Project Co shall procure the erection and maintenance of such hoarding, site boards, plaques and/or other signage as the Authority may require; and

- 12.4.2 the size, design, information disclosed, position and materials used in connection with such hoarding, site boards, plaques or other signage shall be approved by the Authority, such approval not to be unreasonably withheld[; and
- 12.4.3 for the purposes of this Clause [ REF \_Ref325712034 \r \h \\* MERGEFORMAT ] (*Corporate Identity and Signage*), the Authority shall be deemed to be acting reasonably where any proposals made by it and/or any approvals exercised by it conform with any relevant guidance issued to NHS Boards by the Scottish Government Health Directorate (or any successor Department) in relation to such matters whether by Executive Letter or otherwise].

### Authority design approval

- 12.5 The Authority confirms that, as at the date of this Agreement, it has reviewed such of Project Co's Proposals as have been initialled by the Authority and that, subject to any qualifications and/or comments notified by the Authority to Project Co in writing and set out in [ ] such proposals satisfy the Authority's requirements in respect of Operational Functionality, so far as can reasonably be determined given the level of detail of Design Data which has been disclosed to the Authority.
- 12.6 Project Co shall develop and finalise the design and specification of the Works and the Authority shall review the Reviewable Design Data in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) and the provisions of this Clause [ REF \_Ref321239352 \w \h \\* MERGEFORMAT ]:
- 12.6.1 Project Co shall submit the Reviewable Design Data and the design of any Changes developed in accordance with the procedure set out in Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) to the Authority's Representative for review under Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*). Project Co shall not commence or permit the commencement of construction of the part or parts of the Facilities to which such Reviewable Design Data relates until it has submitted the appropriate Reviewable Design Data and either it is confirmed by the Authority's Representative that Project Co is entitled to proceed with construction in accordance with paragraph [ REF \_Ref321403614 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) or Project Co is:
- (a) disputing the status of such Reviewable Design Data pursuant to paragraph [ REF \_Ref321403542 \w \h \\* MERGEFORMAT ] or paragraph [ REF \_Ref321305750 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*); and
  - (b) proceeding at risk pursuant to paragraph [ REF \_Ref321305670 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*).

- 12.6.2 with effect from the date at which any item of Reviewable Design Data is or becomes an Approved RDD Item in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*), such Approved RDD Item shall for the purposes of this Agreement be deemed to have satisfied the requirements of the Authority in the manner and to the extent set out in, Table [ REF SchedulePart8TableA \h \\* MERGEFORMAT ] in Appendix [ REF SchedulePart8Appendix1 \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*);
- 12.6.3 Project Co shall allow the Authority's Representative, at any time, a reasonable opportunity to view any items of Design Data, which shall be made available to the Authority's Representative as soon as practicable following receipt of any written request from the Authority's Representative; and
- 12.6.4 Project Co shall procure that the Contractor establishes and maintains a computerised design database which Project Co and the Authority's Representative may access remotely by computer to view drawings comprised within the Design Data (including Reviewable Design Data) and electronically store and/or print copies of such Design Data. In the event of the Authority's Representative being unable to access such design database, Project Co shall procure that it is made available for inspection by the Authority's Representative, or any other person authorised by the Authority's Representative.

### **Rectification of Project Co's Proposals**

- 12.7 Without prejudice to Clause [ REF \_Ref321239405 \w \h \\* MERGEFORMAT ], if it should be found that Project Co's Proposals do not fulfil the Authority's Construction Requirements, Project Co shall at its own expense, and in accordance with Clause [ REF \_Ref321239418 \w \h \\* MERGEFORMAT ] below, amend Project Co's Proposals and rectify the Works or any part affected. Such amendment and rectification shall have the effect that:
- 12.7.1 Project Co's Proposals shall satisfy the Authority's Construction Requirements; and
- 12.7.2 following the amendment or rectification, the structural, mechanical and electrical performance of the Facilities will be of an equivalent standard of performance to that set out in Project Co's Proposals prior to their amendment or rectification (for the purpose of this comparison disregarding the fault which required the amendment or rectification to be made).
- 12.8 Where Clause [ REF \_Ref321239428 \w \h \\* MERGEFORMAT ] applies, Project Co shall submit its proposal for amending Project Co's Proposals and rectifying the Works (or any part affected) to the Authority's Representative for review under Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) and shall not amend Project Co's Proposals or commence or allow the commencement of the rectification of the Works (or any part affected) until it is permitted to proceed in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*).

**RIGHT OF ACCESS OF AUTHORITY'S REPRESENTATIVE****Access to the Site**

13.1 Project Co shall procure that:

13.1.1 subject to complying with all relevant safety procedures, which shall include any relevant construction phase plans and health and safety plans for the construction of the Facilities, the Contractor's Site Rules from time to time and any reasonable directions with regard to site safety that may be issued by or on behalf of the Contractor's Site Manager from time to time, the Authority's Representative shall have unrestricted access at all reasonable times during normal working hours to:

(a) view the Works at the Site on reasonable prior notice appropriate to the circumstances, provided that the notice procedures in this Clause [ REF \_Ref321239440 \w \h \\* MERGEFORMAT ] shall not apply to the right of access for the Authority's Representative and his staff and visitors to the office and other facilities provided at the Site for his use; and

(b) subject to obtaining the consent of the relevant manufacturer or supplier (which Project Co agrees to use all reasonable endeavours to obtain), visit any site or workshop where materials, plant or equipment are being manufactured, prepared or stored for use in the Works for the purposes of general inspection and of attending any test or investigation being carried out in respect of the Works;

13.1.2 the Authority's Representative shall have such rights of access to the Site in an emergency as he (acting reasonably) considers suitable in the circumstances; and

13.1.3 monthly progress meetings and site meetings are held and that the Authority's Representative shall have the right to attend such monthly progress meetings and site meetings and to attend such other meetings as the Authority's Representative may reasonably request.

**Increased monitoring**

13.2 If, following any viewing, visit or inspection made pursuant to Clause [ REF \_Ref321239448 \w \h \\* MERGEFORMAT ], it is discovered that there are defects in the Works or that Project Co has failed to comply with the Authority's Construction Requirements or Project Co's Proposals, the Authority's Representative may (without prejudice to any other right or remedy available to the Authority) by notice to Project Co increase the level of monitoring of Project Co until such time as Project Co shall have demonstrated to the satisfaction of the Authority that it is capable of performing and will perform all its obligations to the Authority under this Agreement. Project Co shall compensate the Authority for any reasonable additional costs incurred as a result of such increased monitoring.

## Right to Open Up

- 13.3 Subject to Clause [ REF \_Ref321239467 \w \h \\* MERGEFORMAT ], the Authority's Representative shall have the right at any time prior to the Actual Completion Date [a Phase Actual Completion Date] to request Project Co to open up and inspect any part or parts of the Works [relating to the relevant Phase] where the Authority's Representative reasonably believes that such part or parts of the Works [relating to the relevant Phase] is or are defective and Project Co shall comply with such request.
- 13.4 Prior to exercising his right pursuant to Clause [ REF \_Ref321239475 \w \h \\* MERGEFORMAT ] above, the Authority's Representative shall notify Project Co of his intention to exercise such right, setting out detailed reasons.
- 13.5 If, following the exercise by the Authority's Representative of his right pursuant to Clause [ REF \_Ref321239475 \w \h \\* MERGEFORMAT ], the inspection shows that the relevant part or parts of the Works are not defective then Clause [ REF \_Ref321239496 \w \h \\* MERGEFORMAT ] shall apply.
- 13.6 If, following the exercise by the Authority's Representative of his right pursuant to Clause [ REF \_Ref321239475 \w \h \\* MERGEFORMAT ], the inspection shows that the relevant part or parts of the Works is or are defective, Project Co shall rectify and make good such Defect(s) and any consequence of such rectification and/or making good Defect(s) shall be carried out by Project Co at no cost to the Authority and Project Co shall not be entitled to any extension of time in relation to such rectification and making good of the Works.
- 13.7 If, following the exercise by the Authority's Representative of his right pursuant to Clause [ REF \_Ref321239475 \w \h \\* MERGEFORMAT ], the Authority's Representative is of the opinion that the inspection shows that the relevant part or parts of the Works is or are defective and Project Co does not agree with such opinion, the matter shall be determined in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*).
- 13.8 Without prejudice to the rights of the Authority's Representative pursuant to this Clause [ REF \_Ref321239506 \w \h \\* MERGEFORMAT ] (*Right of Access of Authority's Representative*) the parties acknowledge that the exercise of such rights shall not in any way affect the obligations of Project Co under this Agreement save as expressly set out in this Clause [ REF \_Ref321324681 \w \h \\* MERGEFORMAT ] (*Right of Access of Authority's Representative*).

## Safety during Construction

- 13.9 The provisions of Section [ REF SchedulePart6Section2 \h \\* MERGEFORMAT ] (*Safety During Construction*) of Schedule Part [ REF SchedulePart6 \h \\* MERGEFORMAT ] (*Construction Matters*) shall apply to matters of safety.

## 14 PROGRAMME AND DATES FOR COMPLETION



## Dates for Completion

- 14.1 Project Co shall complete the Works [relating to a Phase] by the Completion Date [relevant Phase Completion Date]. Without prejudice to Clause [ REF \_Ref321239538 \w \h \\* MERGEFORMAT ] (*Project Co Event of Default*), [ REF \_Ref321239543 \w \h \\* MERGEFORMAT ] (*Authority Voluntary Termination*), [ REF \_Ref321239549 \w \h \\* MERGEFORMAT ] (*Compensation on Termination*) and [ REF \_Ref321239555 \w \h \\* MERGEFORMAT ] (*Consequences of Termination*) the Authority shall not be entitled to claim liquidated or general damages in respect of any delay which elapses between the Completion Date [Phase Completion Date] and the Actual Completion Date [relevant Phase Actual Completion Date].

## The Programme

- 14.2 Any Programme submitted in accordance with the provisions set out below shall be prepared in accordance with Good Industry Practice and shall be in sufficient detail so as to enable the Authority's Representative to monitor the progress including all commissioning activities and likely future progress of the Works.
- 14.3 The initial Programme is set out at Schedule Part [ REF SchedulePart7 \h \\* MERGEFORMAT ] (*The Programme*). Any change to the Programme shall only be made in accordance with this Clause [ REF \_Ref321239571 \w \h \\* MERGEFORMAT ] (*Programme and Dates for Completion*) and Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*). Project Co shall promptly submit to the Authority's Representative a copy of any version of the Programme varied in accordance with this Clause [ REF \_Ref321239571 \w \h \\* MERGEFORMAT ] (*Programme and dates for Completion*) and Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*).
- 14.4 If it appears to the Authority's Representative at any time that the actual progress of the Works has significantly fallen behind the Programme, then the Authority's Representative shall be entitled to require Project Co to submit to the Authority's Representative a report identifying the reasons for the delay and, unless the event causing the delay is still subsisting and it is not possible to predict with any certainty when the delay might come to an end, require Project Co (at the Authority's option):
- 14.4.1 to produce and submit to the Authority's Representative in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) a revised Programme showing the manner and the periods in which the Works will be carried out to ensure completion; and/or
  - 14.4.2 to produce and submit to the Authority's Representative in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) a revised Programme showing the steps which are to be taken to eliminate or reduce the delay.

## Early completion

- 14.5 Notwithstanding that the Works [relating to a Phase] may have been completed in accordance with this Agreement, the Actual Completion Date [Phase Actual Completion Date] may only occur on a date on or after the Completion Date [Phase Completion Date] unless the Authority, in its absolute discretion, agrees otherwise in writing.
- 14.6 Project Co shall notify the Authority's Representative if at any time the actual progress of the Works [relating to a Phase] is significantly ahead of the Programme such that Project Co anticipates that the Actual Completion Date [Phase Actual Completion Date] could occur earlier than the Completion Date [relevant Phase Completion Date] in which case the Authority's Representative shall be entitled to require Project Co to produce and submit to the Authority's Representative a revised Programme showing the manner and the periods in which the Works [relating to the relevant Phase] will be carried out and what the revised date for completion would be to enable:
- 14.6.1 the Authority to consider (at its absolute discretion) whether to agree an earlier date for completion if requested by Project Co to do so; and
- 14.6.2 the parties to consider what modifications (if any) will be required to the Agreement in order to accommodate such earlier date for completion if agreed to by the Authority pursuant to Clause [ REF \_Ref321239585 \w \h \\* MERGEFORMAT ].

## 15 INDEPENDENT TESTER

### Appointment

- 15.1 The parties have on or prior to the date of this Agreement, in compliance with all Law relating to procurement which is applicable to either party, appointed a suitably qualified and experienced consultant to act as the Independent Tester for the purposes of this Agreement upon the terms of the Independent Tester Contract.

### Changes to terms of appointment

- 15.2 Neither the Authority nor Project Co shall without the other's prior written approval (not to be unreasonably withheld or delayed):
- 15.2.1 terminate, repudiate or discharge the Independent Tester Contract or treat the same as having been terminated, repudiated or otherwise discharged;
- 15.2.2 waive, settle, compromise or otherwise prejudice any rights or claims which the other may from time to time have against the Independent Tester; or

15.2.3 vary the terms of the Independent Tester Contract or the service performed or to be performed by the Independent Tester.

15.3 The parties shall comply with and fulfil their respective duties and obligations arising under or in connection with the Independent Tester Contract.

#### **Co-operation**

15.4 The parties agree to co-operate with each other generally in relation to all matters within the scope of or in connection with the Independent Tester Contract. All instructions and representations issued or made by either of the parties to the Independent Tester shall be simultaneously copied to the other and both parties shall be entitled to attend all inspections undertaken by or meetings involving the Independent Tester.

#### **Replacement**

15.5 If the Independent Tester's appointment is terminated otherwise than for full performance, the parties shall liaise and co-operate with each other in order to appoint, in accordance with this Clause [ REF \_Ref321239593 \w \h \\* MERGEFORMAT ], a replacement consultant to act as the Independent Tester as soon as reasonably practicable. The identity of any such replacement shall be as agreed by the parties and the terms of his appointment shall, unless otherwise agreed, be as set out in the Independent Tester Contract.

15.6 If the parties fail to agree the identity and/or terms of a replacement Independent Tester in accordance with Clause [ REF \_Ref321239593 \w \h \\* MERGEFORMAT ] within ten (10) Business Days of the original Independent Tester's appointment being terminated then such disagreement shall be referred for resolution in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*).

### **16 EQUIPMENT**

[TO BE COMPLETED]

### **17 PRE-COMPLETION COMMISSIONING AND COMPLETION**

17.1 Not less than [ ] before the Completion Date [a Phase Completion Date], the Authority shall provide Project Co with a draft of the Final Commissioning Programme [for the relevant Phase] as jointly developed by the Authority and Project Co in accordance with the provisions of Clause [ REF \_Ref321239643 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321239648 \w \h \\* MERGEFORMAT ]. Project Co shall provide the Authority with comments on the draft Final Commissioning Programme [for the relevant Phase] submitted to it within [ ]. The parties shall, within [ ] Business Days of receipt by the Authority of Project Co's comments agree the terms of the Final Commissioning Programme [for the relevant Phase] provided that the Authority may by prior notice to Project Co change the scope and time of the Authority's Commissioning and reimburse

Project Co its reasonable costs incurred as a result of such change in scope or time. If the parties are unable to agree the Final Commissioning Programme [for the relevant Phase] or the change in scope or time of the Authority's Commissioning by [ ], the matter shall be referred for determination in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*).

- 17.2 The Final Commissioning Programme [for each Phase] shall be in accordance with the Outline Commissioning Programme and shall impose no greater or more onerous obligations on the Authority than those set out in the Outline Commissioning Programme (unless otherwise agreed by the Authority in its absolute discretion). The Final Commissioning Programme shall then replace the Outline Commissioning Programme [as it relates to that Phase].
- 17.3 The Final Commissioning Programme shall describe the steps necessary, the party responsible for taking each of such steps and the timing and sequence of each of such steps to ensure [insofar as relevant for the Phase]:
- 17.3.1 that Project Co's Pre-Completion Commissioning and the Authority's Commissioning will not delay the Actual Completion Date [Phase Actual Completion Date] from occurring by the Completion Date [Phase Completion Date]; and
- 17.3.2 that Project Co's Post Completion Commissioning and the Authority's Post Completion Commissioning are completed by the Commissioning End Date.
- 17.4 The parties shall procure that the steps that they are responsible for carrying out and completing pursuant to the Final Commissioning Programme [for the relevant Phase] include, [in the case of Project Co's activities, the activities described at paragraph [ ] of the Authority's Construction Requirements].
- 17.5 Project Co shall notify the Independent Tester and the Authority's Representative of the date when Project Co (acting reasonably) considers that [a Phase of] the Works will be complete in accordance with the Authority's Construction Requirements[, the Completion Criteria] and this Agreement not less than [ ] months prior to such anticipated completion. Such notification shall trigger the activities of the Independent Tester under this Clause.
- 17.6 The parties each undertake to co-operate with the Independent Tester to ensure that the Independent Tester is familiar with all necessary aspects of the Project for the purposes of its role as described in this Clause.

#### **Commissioning prior to Completion Date**

- 17.7 Project Co shall [insofar as relevant for each Phase]:
- 17.7.1 undertake Project Co's Pre-Completion Commissioning in accordance with the [relevant] Final Commissioning Programme; and

17.7.2 permit the Authority to undertake the Authority's Commissioning [including permitting specialist contractors engaged by the Authority to deliver and install equipment] on such dates as agreed between the Authority and Project Co, in accordance with the Final Commissioning Programme

and the Authority shall undertake the Authority's Commissioning in accordance with the [relevant] Final Commissioning Programme and so as not to cause material damage to the Works.

17.8 Project Co shall give written notice to the Independent Tester and the Authority of the commencement of Project Co's Pre-Completion Commissioning [in relation to a Phase] and shall ensure that the Independent Tester and the Authority's Representative are invited to witness all of, and are provided with all information they may reasonably require in relation to, Project Co's Pre-Completion Commissioning [of the relevant Phase] and that the Independent Tester is invited to comment on Project Co's Pre-Completion Commissioning [of the relevant Phase].

17.9 Project Co shall (or shall procure that the Contractor shall), give the Authority access to the Facilities at such times as may be set out in the [relevant] Final Commissioning Programme to enable the Authority to undertake the Authority's Commissioning in accordance with the Final Commissioning Programme [for the relevant Phase] for the period prior to completion [of the relevant Phase]. When exercising such rights the Authority shall comply with all relevant safety procedures, which shall include any relevant construction phase plans and health and safety plans for the construction of the Facilities, the Contractor's Site Rules from time to time and any reasonable directions with regard to site safety that may be issued by or on behalf of the Contractor's Site Manager from time to time.

#### **Pre-Completion inspection**

17.10 Project Co shall give the Independent Tester and the Authority's Representative not less than [ ] Business Days' notice and not more than [ ] Business Days' notice of the date upon which Project Co considers that the Works [relating to a Phase] will be complete and the tests on completion required [for the relevant Phase] to be performed in accordance with the Final Commissioning Programme [for the relevant Phase] will be carried out. Following receipt of the notice specified in this Clause [ REF \_Ref321239660 \w \h \\* MERGEFORMAT ] (*Pre-Completion Inspection*) the Authority's Representative and the Independent Tester shall be entitled to inspect the Works [relating to the relevant Phase] on the date or dates reasonably specified by Project Co in accordance with this Clause [ REF \_Ref321239660 \w \h \\* MERGEFORMAT ] (*Pre-Completion Inspection*), and to attend any of the tests on completion. Project Co shall, if so requested, accompany the Authority's Representative and the Independent Tester on any such inspection.

#### **Pre-Completion matters**

17.11 The parties shall procure that the Independent Tester, within [ ] Business Days of any inspection made pursuant to Clause [ REF \_Ref321239660 \w \h \\* MERGEFORMAT ] (*Pre-Completion Inspection*), notifies Project Co and the Authority of any outstanding matters (including, without limitation, the repetition of

any of the tests on completion which are required to be carried out and passed in accordance with the Final Commissioning Programme [for the relevant Phase]) which are required to be attended to before the Works [relating to the relevant Phase] can be considered to be complete in accordance with the Authority's Construction Requirements, Project Co's Proposals [and the Completion Criteria]. Project Co shall attend to such matters and shall, if necessary, give the Independent Tester further notices in accordance with Clause [ REF \_Ref321239660 \w \h \\* MERGEFORMAT ] (*Pre-Completion Inspection*) (but dealing only with matters raised in the notification under this Clause [ REF \_Ref321239679 \w \h \\* MERGEFORMAT ] (*Pre-Completion Matters*)) so that the procedures in Clause [ REF \_Ref321239660 \w \h \\* MERGEFORMAT ] (*Pre-Completion Inspection*) and this Clause [ REF \_Ref321239679 \w \h \\* MERGEFORMAT ] (*Pre-Completion Matters*) are repeated as often as may be necessary to ensure that all outstanding matters in relation to the Works [relating to the relevant Phase] are attended to.

### **[Phase] Completion Certificate**

- 17.12 Pursuant to the terms of the Independent Tester Contract, the parties shall procure that the Independent Tester, when he is satisfied that the Facilities are [a Phase is] complete in accordance with the Completion Criteria, issues a Certificate of Practical Completion [in respect of that Phase] to that effect to the Authority and to Project Co.
- 17.13 Without prejudice to Clauses [ REF \_Ref321239695 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321239703 \w \h \\* MERGEFORMAT ], the issue of the Certificate of Practical Completion [in respect of a Phase] shall, in the absence of manifest error, bad faith or fraud, be conclusive evidence (but only for the purpose of ascertaining the [relevant] Payment Commencement Date), that the Facilities were [the Phase was] complete in accordance with the Completion Criteria on the date stated in the [relevant] Certificate of Practical Completion.
- 17.14 The Independent Tester shall issue the Certificate of Practical Completion [in relation to a Phase] notwithstanding that there are Snagging Matters. Where there are Snagging Matters, the parties shall procure that the Independent Tester shall, within [ ] Business Days of the date of issue of the [relevant] Certificate of Practical Completion, issue a Snagging Notice which shall specify the Snagging Matters and an estimate of the cost of rectifying such Snagging Matters.
- 17.15 Following the issue of a Snagging Notice, Project Co shall, in consultation with the Authority's Representative and in such manner as to cause as little disruption as reasonably practicable to the Authority's Post Completion Commissioning and the Authority's use of the Facilities, rectify all Snagging Matters within [ ] Business Days of the issue of the Snagging Notice.
- 17.16 If, within [ ] Business Days of the issue of the Snagging Notice, Project Co has failed to rectify the Snagging Matters specified in the Snagging Notice the Authority may by itself (or engage others to) carry out the works necessary to rectify the Snagging Matters, at the risk and cost of Project Co.
- 17.17 The issue of the Certificate of Practical Completion [in respect of a Phase] shall in no way affect the obligations of Project Co under this Agreement including in respect of any Defects.

## **As-built specification**

- 17.18 As soon as it is available, after the issue of the Certificate of Practical Completion [in relation to a Phase to the extent relating to that Phase], Project Co shall provide to the Authority a copy of the as-built building specification, together with all [drawings relating to the Works].

## **18 POST COMPLETION COMMISSIONING**

### **Commissioning**

- 18.1 Project Co and the Authority shall, within [ ] Business Days following the Actual Completion Date [Phase Actual Completion Date], respectively undertake and complete Project Co's Post-Completion Commissioning and the Authority's Post Completion Commissioning, in accordance with the Final Commissioning Programme [for the relevant Phase]. Both parties shall, at all times, and in particular in the period between the Actual Completion Date [Phase Actual Completion Date] and the Actual Commissioning End Date [for the relevant Phase], use reasonable endeavours to assist the other party to ensure compliance with the Final Commissioning Programme [for the relevant Phase].

### **Information**

- 18.2 Project Co shall ensure that the Authority's Representative is provided with all the information he may reasonably require in relation to Project Co's Post-Completion Commissioning and the Authority shall ensure that Project Co is provided with all information Project Co may reasonably require in relation to the Authority's Post Completion Commissioning.
- 18.3 If the Authority's Representative, acting reasonably, makes any comment in relation to the carrying out of Project Co's Post-Completion Commissioning, such comments shall be taken into account by Project Co and if Project Co, acting reasonably, makes any comment in relation to the carrying out of the Authority's Post Completion Commissioning, such comment shall be taken into account by the Authority.
- 18.4 On the completion of Project Co's Post-Completion Commissioning and the Authority's Post Completion Commissioning [for a Phase] the Independent Tester shall issue the Commissioning Completion Certificate [for that Phase].

### **Operational Manuals**

- 18.5 Project Co shall make available on the Site to the Authority's Representative:
- 18.5.1 at least [ ] weeks prior to the anticipated Actual Completion Date [Phase Actual Completion Date], [ ] [paper/electronic] copies of a draft operation and maintenance manual [in connection with the relevant

Phase] in sufficient detail to allow the Authority to plan for the safe and efficient operation of the Facilities;

18.5.2 on or before the Actual Completion Date [Phase Actual Completion Date] [ ] [paper/electronic] copies of a final draft operation and maintenance manual [in connection with the relevant Phase] in sufficient detail to allow the Authority to operate and use the Facilities safely and efficiently;

18.5.3 within [ ] weeks following the Actual Completion Date [Phase Actual Completion Date], the principal operation and maintenance manual [in connection with the relevant Phase];

in each case including all manufacturers' instructions relating to Equipment installed by Project Co and [ ].

18.6 Project Co shall provide to the Authority such information after the Actual Completion Date [Phase Actual Completion Date] as relates to any Snagging Matters or rectification of Defect [in relation to the relevant Phase] as is reasonably necessary to allow for the updating of any of the items listed in Clause [ REF \_Ref321239713 \w \h ].

18.7 On termination of this Agreement (howsoever arising) prior to the provision by Project Co in accordance with Clause [ REF \_Ref321239713 \w \h ] of the items listed therein, Project Co shall within [ ] Business Days of such termination provide a copy of any operating and maintenance manual not yet provided (completed as appropriate to the date of termination) to the Authority.

#### **[Decanting, Decommissioning and Equipment Transfer**

18.8 The Authority and Project Co shall, as appropriate, undertake any necessary Decanting and Decommissioning activities in accordance with the requirements of the Final Commissioning Programme [for the relevant Phase] and Appendix [ ] of Schedule Part [ REF SchedulePart10 \h ] (*Outline Commissioning Programme*), and any Equipment transfer in accordance with Schedule Part [ REF SchedulePart11 \h ] (*Equipment*), such that Project Co is able to perform its obligations in subsequent Phases.]

### **19 FOSSILS AND ANTIQUITIES**

#### **Property**

19.1 As between the parties, all fossils, antiquities, and other objects having artistic, historic or monetary value and human remains which may be found on or at the Site are or shall become, upon discovery, the absolute property of the Authority.

#### **Discovery**



- 19.2 Upon the discovery of any such item during the course of the Works, Project Co shall:
- 19.2.1 immediately notify the Authority's Representative of such discovery;
  - 19.2.2 take all steps not to disturb the object and, if necessary, cease any Works in so far as the carrying out of such Works would endanger the object or prevent or impede its excavation; and
  - 19.2.3 take all necessary steps to preserve the object in the same position and condition in which it was found.

### **Action**

- 19.3 The Authority shall procure that the Authority's Representative promptly, and in any event within [ ] Business Days of receipt of notice pursuant to Clause [ REF \_Ref321239778 \w \h \\* MERGEFORMAT ], issues an instruction to Project Co specifying what action the Authority's Representative requires Project Co to take in relation to such discovery.
- 19.4 Project Co shall promptly and diligently comply with any instruction issued by the Authority's Representative referred to in Clause [ REF \_Ref321239785 \w \h \\* MERGEFORMAT ] above (except and to the extent that such instruction constitutes an Authority Change pursuant to Clause [ REF \_Ref321239794 \w \h \\* MERGEFORMAT ] below in which case the provisions of Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) shall apply), at its own cost.
- 19.5 If directed by the Authority's Representative, Project Co shall allow representatives of the Authority to enter the Site for the purposes of removal or disposal of such discovery provided that such entry shall be subject to the Authority complying with all relevant safety procedures, which shall include any relevant construction phase plans and health and safety plans for the construction of the Facilities, the Contractor's Site Rules from time to time and any reasonable directions with regard to site safety that may be issued by or on behalf of the Contractor's Site Manager from time to time.
- 19.6 If, in relation to such discovery, the Authority requires Project Co to carry out works (being any work of alteration, addition, demolition or extension or variation in the Works) which are not works which would be necessary for the purpose of compliance with Law or any Consents, it must issue an Authority Change Notice in accordance with the provisions of Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*).

## PART 4: QUALITY ASSURANCE

### 20 QUALITY ASSURANCE

#### Quality Plans and Systems

20.1 Project Co shall procure that all aspects of the Project Operations are the subject of quality management systems in accordance with the provisions of this Clause [ REF \_Ref321239805 \w \h \\* MERGEFORMAT ] (*Quality Assurance*).

20.2 The quality management systems referred to in Clause [ REF \_Ref321239812 \w \h \\* MERGEFORMAT ] above shall be reflected in appropriate quality plans, the standard of which shall be consistent with BS EN ISO 9001 or 9002 (as the case may be) or any equivalent standard which is generally recognised as having replaced them (or either of them).

20.3 Without limitation to the generality of Clause [ REF \_Ref321239820 \w \h \\* MERGEFORMAT ], there shall be:

20.3.1 a Design Quality Plan;

20.3.2 a Construction Quality Plan; and

20.3.3 a Services Quality Plan for each Service,

provided that the Design Quality Plan and the Construction Quality Plan may be incorporated into one document.

20.4 Project Co shall procure that the Project Operations are carried out in compliance with the Quality Plans. All Quality Plans shall be submitted to the Authority's Representative in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) and Project Co shall not be entitled to implement or procure the implementation of any Quality Plan unless Project Co is entitled to proceed with such implementation pursuant to Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*).

20.5 Project Co shall implement the quality management systems referred to in Clause [ REF \_Ref321239812 \w \h \\* MERGEFORMAT ] and shall procure that:

20.5.1 the Contractor implements the Design Quality Plan;

20.5.2 the Contractor implements the Construction Quality Plan;

- 20.5.3 each Service Provider implements the relevant Services Quality Plan for each Service being provided by that Service Provider.
- 20.6 Where any aspect of the Project Operations is performed by more than one contractor or subcontractor, then the provisions of this Clause [ REF \_Ref321239834 \w \h \\* MERGEFORMAT ] (*Quality Assurance*) (in so far as relevant or appropriate to the activities to be performed by such contractor or subcontractor) shall apply in respect of each of such contractors or subcontractors, and references in this Clause [ REF \_Ref321239834 \w \h \\* MERGEFORMAT ] (*Quality Assurance*) to the "**Contractor**" or the "**Service Provider**" shall be construed accordingly. To avoid doubt, this Clause shall not be construed as requiring subcontractors of the Contractor or the Service Provider to have their own quality plans but only to comply with the Design Quality Plan and the Construction Quality Plan or the relevant aspects of the Services Quality Plan (as the case may be).
- 20.7 Project Co shall from time to time submit to the Authority's Representative in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) any changes to any of the Quality Plans required for such Quality Plan to continue to comply with the requirements set out in Clause [ REF \_Ref321239820 \w \h \\* MERGEFORMAT ]. The Authority's Representative may raise comments on any such proposed change only on the grounds set out in paragraph [ REF \_Ref321304989 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*).
- 20.8 If there is no objection under Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) to a change to any Quality Plan proposed pursuant to Clause [ REF \_Ref321239858 \w \h \\* MERGEFORMAT ], the Quality Plan shall be amended to incorporate such change.

### **Quality Manuals and Procedures**

- 20.9 If any Quality Plan refers to, relies on or incorporates any quality manual or procedure, then such quality manual or procedure or the relevant parts of it shall be submitted to the Authority's Representative at the time that the relevant Quality Plan or part of (or change to) a Quality Plan is submitted in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*), and the contents of such quality manual or procedure shall be taken into account in the consideration of the relevant Quality Plan or part of (or change to) a Quality Plan in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*).

### **Quality Management**

- 20.10 Project Co shall maintain a quality management system which shall:
- 20.10.1 ensure the effective operation of the quality systems described in this Clause [ REF \_Ref321239866 \w \h \\* MERGEFORMAT ] (*Quality Assurance*);

- 20.10.2 cause an audit of the quality systems at regular intervals and the findings of such audit will be reported to the Authority's Representative;
- 20.10.3 require review of all quality systems at intervals agreed with the Authority's Representative to ensure their continued suitability and effectiveness;
- 20.10.4 require liaison with the Authority's Representative on all matters relating to quality management; and
- 20.10.5 require production of reports and their delivery to Project Co.

### **Quality Monitoring**

- 20.11 The Authority's Representative may carry out audits of Project Co's quality management system (including all relevant Quality Plans and any quality manuals and procedures) to establish that Project Co is complying with Clauses [ REF \_Ref321239812 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321239886 \w \h \\* MERGEFORMAT ]. The Authority's Representative may carry out such audits at approximate intervals of three (3) months and may carry out other periodic monitoring, spot checks and auditing of Project Co's quality management systems. Project Co shall procure that the Authority's Representative shall have an equivalent right in respect of the Contractor's and the Service Providers' quality management systems. Project Co shall co operate, and shall procure that any Sub-Contractor co-operates, with the Authority's Representative including providing him with all information and documentation which he reasonably requires in connection with his rights under this Clause.

**PART 5: INFORMATION TECHNOLOGY**

**21 INFORMATION TECHNOLOGY**

[TO BE COMPLETED]

## PART 6: SERVICES

### 22 THE SERVICES

#### General obligations

22.1 Throughout the Operational Term Project Co shall provide (or procure that the Service Providers provide) the Services in accordance with:

22.1.1 the Service Level Specification;

22.1.2 the Method Statements; and

22.1.3 the terms of this Agreement.

22.2 To avoid doubt the obligations in Clauses [ REF \_Ref321240037 \w \h \\* MERGEFORMAT ], [ REF \_Ref321240045 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321240053 \w \h \\* MERGEFORMAT ] are independent obligations and:

22.2.1 the fact that Project Co has complied with the Method Statements shall not be a defence to an allegation that Project Co has not satisfied the Service Level Specification; and

22.2.2 the fact that Project Co has complied with the Service Level Specification shall not be a defence to an allegation that Project Co has not satisfied the Method Statements;

provided that where there is any conflict between the Service Level Specification and the Method Statements the Authority shall be entitled (in its sole discretion) to decide which shall take precedence and inform Project Co of its decision and Project Co shall, at its own cost, be obliged to implement the Authority's decision.

#### Commencement and phase in of Services

22.3 Project Co shall procure that the provision of the Services [in respect of a Phase] commences on the Actual Completion Date [relevant Phase Actual Completion Date].

#### Project Co Services Changes

22.4 Project Co may at any time submit to the Authority's Representative in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) proposals for amendments to or substitution for the Method Statements or any part of them. If there is no comment on such proposed amendment or substitution (on the grounds set out in paragraph [ REF

\_Ref321304989 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*)), then the Method Statements as so amended or substituted shall be the Method Statements for the purposes of this Agreement, subject to any further amendment or substitution to which there has been no comment in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*).

- 22.5 To avoid doubt, an amendment to or substitution for the Method Statements proposed pursuant to Clause [ REF \_Ref321240061 \w \h \\* MERGEFORMAT ] shall not be a Qualifying Change entitling Project Co to any payment (or other compensation) or to any relief from the performance of its obligations under this Agreement.

### **No disruption**

- 22.6 Project Co shall perform the Services so as to co-ordinate with the Authority's operations on the Site and/or in the Facilities and shall take all reasonable care to ensure that it does not interfere with the operations of the Authority or any Authority Party.

## **23 MAINTENANCE**

### Programmed Maintenance Works

- 23.1 No later than [ ] months prior to the [first Phase] Completion Date Project Co shall submit to the Authority's Representative in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) a Schedule of Programmed Maintenance for the period from the [first Phase] Completion Date to the expiry of that Contract Year.
- 23.2 Not later than [ ] months prior to the commencement of each subsequent anniversary of the [first Phase] Completion Date Project Co shall submit to the Authority's Representative in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) a Schedule of Programmed Maintenance for the next succeeding Contract Year [in respect of all Phases completed prior to, and all Phases scheduled to be completed in, that Contract Year].
- 23.3 Each Schedule of Programmed Maintenance shall contain the following information (the "**Programmed Maintenance Information**"):
- 23.3.1 details of the proposed start and end dates for each period of Programmed Maintenance, the works to be carried out and the proposed hours of work; and
  - 23.3.2 details of any effect of the Programmed Maintenance on the delivery of any of the Services and/or the activities of the Authority.

- 23.4 Not later than [ ] Business Days prior to the commencement of any quarter (being a three month period commencing on 1 April, 1 July, 1 October or 1 January), Project Co may submit to the Authority's Representative for approval in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) a revision to the Schedule of Programmed Maintenance for the Contract Year in which the relevant quarter falls showing the effect of the proposed changes to the Programmed Maintenance Information. If the Authority's Representative does not raise comments on such proposed revision in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*), the Schedule of Programmed Maintenance as revised shall become the Schedule of Programmed Maintenance in respect of that quarter.
- 23.5 Where the Authority's Representative raises comments in respect of any Programmed Maintenance periods and/or hours of work shown in a Schedule of Programmed Maintenance in accordance with paragraph [ REF \_Ref321304989 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*), he shall indicate whether, and if so when, the Programmed Maintenance can be re-scheduled and Project Co shall amend the relevant Schedule of Programmed Maintenance accordingly.

### **Programmed and Unprogrammed Maintenance**

- 23.6 Project Co shall not carry out any Programmed Maintenance or Unprogrammed Maintenance Works save:
- 23.6.1 in accordance with a Schedule of Programmed Maintenance to which no objection has been made under Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) or, where comment has been raised in respect of the Programmed Maintenance periods and/or time, the Schedule of Programmed Maintenance has been amended pursuant to the Service Level Specification;
- 23.6.2 in accordance with the procedures set out in Clause [ REF \_Ref321240108 \w \h \\* MERGEFORMAT ]; or
- 23.6.3 in an emergency, in accordance with Clause [ REF \_Ref321240115 \w \h \\* MERGEFORMAT ].
- 23.7 Notwithstanding that there has been no objection to a Schedule of Programmed Maintenance, the Authority's Representative may, at any time, require Project Co to accelerate or defer any Programmed Maintenance by giving written notice to Project Co, (unless otherwise agreed) not less than twenty (20) Business Days prior to the scheduled date for carrying out such Programmed Maintenance, which notice shall set out the time and/or periods at or during which the Authority requires the Programmed Maintenance to be performed. Project Co shall notify the Authority of the amount of any additional reasonable costs which it will incur as a direct consequence of such acceleration or deferment (the "**Estimated Increased Maintenance Costs**") within five (5) Business Days of the receipt of the written notice advising of the requirement for an acceleration or deferment of the Programmed Maintenance. The Authority shall, within a further period of five (5) Business Days following receipt by the Authority of notification of the amount of the Estimated Increased Maintenance Costs, at the Authority's option, either confirm or withdraw its request to accelerate or defer the Schedule of Programmed



Maintenance. If the Authority does not respond within this five (5) Business Day period, the request shall be deemed to have been confirmed. The Authority shall reimburse Project Co the direct and reasonable costs actually incurred by Project Co as a consequence of such acceleration or deferment up to, but not exceeding, the amount of the Estimated Increased Maintenance Costs.

- 23.8 If, in circumstances other than an emergency, the need arises for Maintenance Works (excluding any works of a *de minimis* nature in respect of which the parties have agreed this Clause [ REF \_Ref321240108 \w \h \\* MERGEFORMAT ] shall not apply [and excluding works carried out for the purpose of Rectification, which shall take place in accordance with the provisions of Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*)]), which are not scheduled to be carried out as part of the Programmed Maintenance ("**Unprogrammed Maintenance Work**"), Project Co shall not carry out any Unprogrammed Maintenance Work unless and until the Authority's Representative has approved the proposed commencement date, the proposed hours of work and estimated duration of the requisite Unprogrammed Maintenance Works in accordance with the provisions of paragraph [ REF \_Ref321404072 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*). Nothing in this Clause [ REF \_Ref321240108 \w \h \\* MERGEFORMAT ] (including any approval of the Authority pursuant to Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*)) shall prevent the Authority from making any deductions in calculating the Monthly Service Payments pursuant to the Payment Mechanism.
- 23.9 If, as a result of an emergency, the need arises for Unprogrammed Maintenance Works, Project Co may carry out such Unprogrammed Maintenance Works provided that Project Co shall notify the Authority's Representative as soon as possible (and in any event within [ ] Business Days of the occurrence of the emergency) of the extent of the necessary Unprogrammed Maintenance Works and the reasons for them. Project Co shall take all reasonable steps to minimise the duration of such Unprogrammed Maintenance Works. Nothing in this Clause [ REF \_Ref321240115 \w \h \\* MERGEFORMAT ] shall prevent the Authority from making any deductions in calculating the Monthly Service Payments pursuant to the Payment Mechanism.
- 23.10 Where Programmed Maintenance scheduled to be carried out in accordance with the Schedule of Programmed Maintenance has been deferred by the Authority's Representative under Clause [ REF \_Ref321240158 \w \h \\* MERGEFORMAT ], Project Co shall not be treated as having failed to perform the relevant Service on account of the condition of the Facilities or any part of them from the time the Programmed Maintenance was scheduled to have been completed until the time the deferred Programmed Maintenance was scheduled to have been completed, but not afterwards, provided always, to avoid doubt, that Project Co shall not be relieved from the consequences of any failure to maintain the Facilities in respect of any period prior to the period for performing the particular work according to the Schedule of Programmed Maintenance.

#### **5 Year Maintenance Plan**

- 23.11 Project Co shall deliver to the Authority's Representative not less than [ ] Business Days prior to the [first Phase] Completion Date, and thereafter not less than [ ] Business Days prior to the commencement of each Contract Year the latest version of the 5 Year Maintenance Plan.

- 23.12 The Authority shall have a right to inspect the Facilities and the Maintenance Works to ensure that the Facilities are being maintained in accordance with the Service Level Specification and that the Facilities comply with the Authority's Construction Requirements and Project Co's Proposals throughout the Project Term. The Authority may appoint an independent third party for the purposes of carrying out any such inspection and shall make known the findings to Project Co and the Funders. The parties shall then meet to discuss any implications of such findings and any steps that are necessary to remedy any failure to comply with such obligations. Project Co shall (subject to Clause [ REF \_Ref321240165 \w \h \\* MERGEFORMAT ] (*Change Protocol*)) take into account such discussions in the next Schedule of Programmed Maintenance so that any failure to comply with such obligations shall be remedied.

### **Authority's Maintenance Obligations**

- 23.13 The Authority's Maintenance Obligations are as follows:

23.13.1 not less frequently than once in every five (5) years from the [first Phase] Actual Completion Date, in a good and workmanlike manner to make good plaster and other interior wall and ceiling finishes and decoration in all such parts of the interior of the Functional Areas as were plastered, finished and/or decorated by Project Co as part of the Works or in implementing an Authority Change;

23.13.2 [not less frequently than once in every [ ] years from the [first Phase] Actual Completion Date, to renew and replace all [*carpets and other non-permanent floor coverings*] in the Functional Areas provided by Project Co as part of the Works or in implementing an Authority Change];

23.13.3 [not less frequently than once in every [ ] years from the [first Phase] Actual Completion Date, to resurface/restore the finish of all [*semi-permanent floor finishes that are subject to wear such as wood floors*] in the Functional Areas provided by Project Co as part of the Works or in implementing an Authority Change];

23.13.4 [as often as is necessary to maintain anything provided by the Authority under a Derogated Low Value Change]; and

23.13.5 to ensure that all portable electrical appliances that are connected to the electricity supply in the Facilities by the Authority and Authority Parties have been tested in accordance with Law and the "**Code of Practice for In-service Inspection and Testing of Electrical Equipment**" published from time to time by the Institution of Electrical Engineers.

- 23.14 Subject to Clause [ REF \_Ref321240178 \w \h \\* MERGEFORMAT ], the Authority must carry out and perform the Authority's Maintenance Obligations or procure that the Authority's Maintenance Obligations are carried out and performed as often as required by Clause [ REF \_Ref321240187 \w \h \\* MERGEFORMAT ] and in accordance with Good Industry Practice. Without prejudice to the Authority's rights under Clause [ REF \_Ref321240158 \w \h \\* MERGEFORMAT ], the Authority's Maintenance Obligations must be scheduled by the Authority so as

not to interfere with Project Co carrying out Programmed Maintenance in accordance with the Schedule of Programmed Maintenance and/or interfere with Project Co carrying out Unprogrammed Maintenance Work in accordance with Clause [ REF \_Ref321240108 \w \h \\* MERGEFORMAT ].

23.15 If the Authority is in breach of Clause [ REF \_Ref321240221 \w \h \\* MERGEFORMAT ], Project Co may, while the breach is continuing, give a notice to the Authority requiring it to carry out the relevant Authority Maintenance Obligations. If the Authority:

23.15.1 does not reply to Project Co in writing within ten (10) Business Days of the date of Project Co's notice with a programme for carrying out the relevant Authority Maintenance Obligations within a period of time that is reasonable having regard to the nature of the breach, the reasonably foreseeable consequences of non-performance of the relevant Authority Maintenance Obligations for the Services and Project Co's obligations under this Agreement; or

23.15.2 having provided such a programme, does not comply with it,

Project Co shall be entitled to perform the Authority's Maintenance Obligations so far as necessary to prevent any reasonably foreseeable adverse effect on the Services and/or Project Co's obligations under this Agreement consequent upon the non-performance of the relevant Authority Maintenance Obligations.

23.16 Project Co shall not carry out any Project Co's Remedial Services unless and until the Authority's Representative, pursuant to this Clause [ REF \_Ref321240232 \w \h ], has approved or is deemed to have approved or has specified the proposed commencement date, the proposed hours of work and the estimated duration of Project Co's Remedial Services (together the "**PRS Timetable**"). Project Co must give the Authority not less than [twenty (20)] Business Days notice of its proposed PRS Timetable. If the Authority's Representative considers that the proposed PRS Timetable is not consistent with the principles set out in Appendix [ REF SchedulePart8Appendix2 \h \\* MERGEFORMAT ] to Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*), he may specify an alternative PRS Timetable that is consistent with those principles, which shall be as near to the PRS Timetable proposed by Project Co as reasonably practicable. If the Authority's Representative fails either to approve Project Co's proposed PRS Timetable or to specify an alternative PRS Timetable within ten (10) Business Days of receipt of Project Co's proposed PRS Timetable, he shall be deemed to have approved it.

23.17 The Authority must allow Project Co and relevant Project Co Parties access to the Site and the Facilities:

23.17.1 for the purpose of monitoring the carrying out of Authority's Maintenance Obligations; and

23.17.2 in accordance with the approved PRS Timetable for the purpose of carrying out any of Project Co's Remedial Services.

- 23.18 If the Authority does not allow access to the Site and/or the Facilities as required pursuant to Clause [ REF \_Ref321240242 \w \h \\* MERGEFORMAT ], or otherwise prevents or interferes with Project Co and any relevant Project Co Party performing the PRS Remedial Works, Project Co may propose a new PRS Timetable in respect of the relevant Project Co's Remedial Services and Clause [ REF \_Ref321240232 \w \h \\* MERGEFORMAT ] shall apply.
- 23.19 In carrying out and performing Project Co's Remedial Services, Project Co must comply with the standards applicable to the relevant Authority's Maintenance Obligations and Good Industry Practice and must use reasonable endeavours to match colours and other finishes to those that currently exist in the relevant part or parts of the Facilities.
- 23.20 The Authority must reimburse Project Co all reasonable costs that it incurs in carrying out and performing Project Co's Remedial Services in accordance with this Clause [ REF \_Ref321240260 \w \h \\* MERGEFORMAT ].
- 23.21 Notwithstanding the terms of Clauses [ REF \_Ref321240221 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321240275 \w \h \\* MERGEFORMAT ] above, Project Co is responsible for:
- 23.21.1 making good any defects in plaster and other interior wall and ceiling finishes and decoration [and floor coverings referred to in Clauses [ REF \_Ref325719511 \r \h ] and [ REF \_Ref325719526 \r \h ]] provided by Project Co as part of the Works or in implementing an Authority Change, caused by defective design or workmanship in the carrying out of the Works or in implementing the Authority Change; and
- 23.21.2 making good any defects in plaster and other interior wall and ceiling finishes and decoration [and floor coverings referred to in Clauses [ REF \_Ref325719511 \r \h ] and [ REF \_Ref325719526 \r \h ]] provided by Project Co as part of the Works or in implementing an Authority Change (whether or not these have subsequently been replaced or renewed by the Authority) [and things referred to in Clause [ REF \_Ref325719565 \r \h ]] consequential on any Programmed Maintenance or Unprogrammed Maintenance or any act or omission of Project Co.
- 23.22 The Authority and Project Co shall co-operate with each other to coordinate any activities that the Authority proposes to undertake to implement any of the Authority's Maintenance Obligations and Project Co's Programmed Maintenance and Project Co must include the Authority's intentions with regard to performing the Authority's Maintenance Obligations in the Schedule of Programmed Maintenance for each Contract Year.

### **Energy for Repairs**

- 23.23 Subject to Clause [ REF \_Ref321240290 \w \h \\* MERGEFORMAT ], the Authority is entitled to be reimbursed by Project Co for costs incurred by the Authority for Utilities supplied to the Facilities during the Operational Term that are consumed in the process of Project Co or any Project Co Party carrying out operations to rectify an Availability Failure.

- 23.24 For the purpose of applying Clause [ REF \_Ref321240309 \w \h \\* MERGEFORMAT ] the cost of each Utility shall be considered separately and Clause [ REF \_Ref321240309 \w \h \\* MERGEFORMAT ] shall not apply if the costs concerned, in respect of the particular Availability Failure, do not exceed [the daily average cost based on bills paid by the Authority to the supplier of the relevant Utility to the Facilities over the most recent 12-month period for which figures are available].
- 23.25 Where the Authority claims reimbursement of Utilities costs pursuant to Clause [ REF \_Ref321240309 \w \h \\* MERGEFORMAT ] it must reasonably estimate those costs using all available evidence and send Project Co a statement showing its calculation of the amount claimed along with its supporting evidence. Unless Project Co disputes the statement within ten (10) Business Days of receipt, the Authority will be entitled, pursuant to Clause [ REF \_Ref321240324 \w \h \\* MERGEFORMAT ], to set-off the amount claimed.

## 24 MONITORING OF PERFORMANCE

### Monitoring

- 24.1 In carrying out the Services, Project Co shall, and shall procure that all Project Co Parties and any other persons for whom it is responsible shall, comply with the provisions of Schedule Part [ REF SchedulePart12 \h \\* MERGEFORMAT ] (*Service Requirements*).
- 24.2 Project Co shall be responsible for monitoring its performance of this Agreement during the Operational Term, in the manner and at the frequencies set out in Schedule Part [ REF SchedulePart12 \h \\* MERGEFORMAT ] (*Service Requirements*). Project Co shall provide the Authority's Representative with relevant particulars of any aspects of its performance which fail to meet the requirements of this Agreement (unless otherwise notified in writing by the Authority). The Authority may at all reasonable times observe, inspect and satisfy itself as to the adequacy of the monitoring procedures (including without limitation carrying out sample checks).

### Grounds for Warning Notices

- 24.3 If at any time during the Operational Term (other than by reason of a Force Majeure Event, a Relief Event or an Emergency):
- 24.3.1 the total Deductions for any Contract Month amount to more than [ ] per cent of the Annual Service Payment for the current Contract Year; or
- 24.3.2 the total Deductions in each of any three Contract Months in any six consecutive Contract Months amount to more than [ ] per cent of the Annual Service Payment for the current Contract Year;

the Authority's Representative may serve a Warning Notice on Project Co, provided always that, to give Project Co time to take appropriate rectification measures, the Authority's Representative shall not be entitled:

- (a) to serve more than one Warning Notice in any month;
- (b) to serve a Warning Notice in any two consecutive months to the extent that the same event has contributed to the Authority's right to serve the Warning Notice, but provided that Project Co demonstrates to the Authority that it has taken all reasonable steps to remedy the cause of that event.

### **Warning Notices Disputes**

24.4 If Project Co disputes that the Authority was or is entitled to serve a Warning Notice, Project Co may refer that dispute for determination under the Dispute Resolution Procedure for resolution. If, after the Authority's Representative issues a Warning Notice, the parties subsequently agree, or it is determined under the Dispute Resolution Procedure that the Warning Notice was served without justification, that Warning Notice shall be recalled or shall be cancelled and deemed not to have been served.

### **Authority's remedial rights**

24.5 The provisions of Clauses [ REF\_Ref321240334 \w \h \\* MERGEFORMAT ] to [ REF\_Ref321240342 \w \h \\* MERGEFORMAT ] (inclusive) shall apply if the Authority, acting reasonably, considers that it needs to take action in connection with the Services:

24.5.1 because of an immediate and serious threat to the health or safety of any user of the Facilities; or

24.5.2 to prevent or address material interruption in the provision of one or more of the Services; or

24.5.3 because of a risk of the ability of the Authority to provide the relevant Authority Services being prejudiced to a material degree;

24.6 If any of the circumstances set out in Clause [ REF\_Ref321240407 \w \h \\* MERGEFORMAT ] arise (without prejudice to its rights under Clause [ REF\_Ref321240413 \w \h \\* MERGEFORMAT ] (*Project Co Event of Default*) or any other express rights under this Agreement) and the Authority wishes to take action (either by itself or by engaging others), the Authority shall notify Project Co in writing of the following:

24.6.1 the action it wishes to take;

- 24.6.2 the reason for such action;
  - 24.6.3 the date it wishes to commence such action;
  - 24.6.4 the time period which it believes will be necessary for such action; and
  - 24.6.5 to the extent practicable, the effect on Project Co and its obligation to provide the Services during the period such action is being taken.
- 24.7 Following service of such notice, the Authority shall take such action as has been notified under Clause [ REF\_Ref321240334 \w \h \\* MERGEFORMAT ] and any consequential additional action as it reasonably believes is necessary (together, the “**Required Action**”) and Project Co shall give all reasonable assistance to the Authority while it is taking the Required Action. To the extent that the Authority performs any of the obligations of Project Co hereunder or undertakes tasks that would otherwise be undertaken by Project Co pursuant to this Agreement, the Authority shall perform such obligations or undertake such tasks to the same standard as would be required of Project Co under the terms of this Agreement.
- 24.8 If the Required Action is taken other than as a result of a breach by Project Co of its obligations under this Agreement, then for so long as and to the extent that the Required Action is taken, and this prevents Project Co from providing any part of the Services:
- 24.8.1 Project Co shall be relieved from its obligations to provide such part of the Services; and
  - 24.8.2 in respect of this period in which the Authority is taking the Required Action and provided that Project Co provides the Authority with reasonable assistance (such assistance to be at the expense of the Authority to the extent that additional costs are incurred), the Monthly Service Payments due from the Authority to Project Co shall equal the amounts that Project Co would receive if it were satisfying all of its obligations and providing the Services affected by the Required Action in full over that period and the Authority shall indemnify Project Co against all Direct Losses sustained by Project Co as a result of the Authority taking the Required Action.
- 24.9 If the Required Action is taken as a result of a breach by Project Co of its obligations under this Agreement, then for so long as and to the extent that the Required Action is taken, and this prevents Project Co from providing any part of the Services:
- 24.9.1 Project Co shall be relieved of its obligations to provide such part of the Services; and
  - 24.9.2 in respect of the period in which the Authority is taking the Required Action, the Monthly Service Payments due from the Authority to Project Co shall equal the amounts Project Co would receive if it were satisfying

all of its obligations and providing the Services affected by the Required Action in full over that period, less an amount equal to all of the costs incurred by the Authority in taking the Required Action (including, without limitation, an appropriate sum in respect of general staff costs and overheads).

## Emergencies

- 24.10 If an Emergency arises during the Operational Term which cannot be dealt with by performance of the Services, the Authority may instruct Project Co to procure that such additional or alternative services are undertaken by Project Co as and when required by the Authority to ensure that the Emergency is dealt with and normal operation of the Facility resumes as soon as is reasonably practicable.
- 24.11 The cost of any additional or alternative services provided by Project Co under Clause [ REF \_Ref321240436 \w \h \\* MERGEFORMAT ] shall be borne by the Authority and paid in accordance with Clause [ REF \_Ref321240447 \w \h \\* MERGEFORMAT ] (*Payment*). The Authority will not be entitled to levy Deductions in respect of any failure to provide the Services to the extent that such failure arises by reason of Project Co's compliance with Clause [ REF \_Ref321240436 \w \h \\* MERGEFORMAT ].

## 25 TUPE AND EMPLOYMENT MATTERS

### Employee Transfer

- 25.1 The Authority and Project Co agree that the Transfer Regulations shall apply to the transfer on one or more dates agreed by the parties (each a “**Relevant Service Transfer Date**”) to Project Co of responsibility for the provision of (or procuring the provision by Service Providers of) the Services in accordance with this Agreement and that an Employee Transfer shall take place on each Relevant Service Transfer Date (or such date as may be determined by Law). The Relevant Service Transfer Date in respect of the Services is specified in [ ].
- 25.2 As a consequence of Clause [ REF \_Ref326759874 \r \h ], and in accordance with the Transfer Regulations, the contracts of employment of all Transferring Employees shall (subject to Regulation 4(7) of the Transfer Regulations) have effect after the Relevant Service Transfer Date (or such other date as may be determined by Law) as if originally made between those employees and the relevant Service Provider except insofar as such contracts relate to an occupational pension scheme.
- 25.3 The Authority and Project Co agree and intend and shall take all reasonable steps to procure that there shall be an Employee Transfer on each occasion on which the identity of a Service Provider changes pursuant to this Agreement, and that the contracts of employment of all those employees of the relevant Service Provider wholly or mainly engaged in the provision of the relevant Service or Services immediately before the change of identity of the Service Provider shall have effect (subject to Regulation 4(7) of the Transfer Regulations) thereafter as if originally made between those employees and the relevant Service Provider except insofar as such contracts relate to an occupational pension scheme. Project Co shall



procure that both the former and the relevant Service Provider shall comply with their obligations under the Transfer Regulations.

- 25.4 [If Project Co or the relevant Service Provider dismisses by reason of redundancy a Transferring Authority Employee who had he or she been so dismissed before the Relevant Service Transfer Date would have been entitled to a payment pursuant to [section 45 of the Whitely Agreement or section 16 of the Agenda for Change] then Project Co shall provide, or shall procure that the relevant Service Provider shall provide, such employee with a payment or other benefit calculated in the same manner as would have been applied on dismissal by reason of redundancy immediately before the Relevant Service Transfer Date. For these purposes a dismissal by reason of redundancy is one so defined in section 139 of the Employment Rights Act 1996. If the provisions of this Clause [ REF \_Ref326759888 \r \h ] and the provisions of Clause [ REF \_Ref326759904 \r \h \\* MERGEFORMAT ] apply (or would apply but for this provision) to the same circumstances, then the provisions of Clause [ REF \_Ref326759904 \r \h \\* MERGEFORMAT ] shall apply instead of this Clause [ REF \_Ref326759888 \r \h \\* MERGEFORMAT ].]
- 25.5 The Authority shall comply with its obligations under the Transfer Regulations in respect of each Employee Transfer pursuant to this Agreement and Project Co shall comply, and shall procure that the relevant Service Provider shall comply, with its obligations (including without limitation the obligation under Regulation 13(4) of the Transfer Regulations) in respect of each Employee Transfer pursuant to this Agreement and each of the Authority and Project Co shall indemnify the other against any Direct Losses sustained as a result of any breach of this Clause [ REF \_Ref326759935 \r \h ] by the party in default.

#### **Offer of Employment**

- 25.6 If the Transfer Regulations do not apply to any person who is a Transferring Authority Employee, Project Co shall offer to, or shall procure the offer by the relevant Service Provider to, each and every such employee, a new contract of employment commencing on the Relevant Service Transfer Date under which their terms and conditions including full continuity of employment shall not differ from those enjoyed by them immediately prior to the Relevant Service Transfer Date (except insofar as such terms and conditions relate to an occupational pension scheme). This offer of employment shall be in writing, shall be open to acceptance for a period of not less than ten (10) Business Days and shall be made:
- 25.6.1 if it is believed that the Transfer Regulations will not apply to a person, not less than ten (10) Business Days before the Relevant Service Transfer Date; or
- 25.6.2 if it is believed that the Transfer Regulations apply to a person but it is subsequently decided that the Transfer Regulations do not so apply, as soon as is practicable and in any event no later than ten (10) Business Days after that decision is known to Project Co.
- 25.7 Where any such offer as referred to in Clause [ REF \_Ref326759961 \r \h ] is accepted, the Authority shall indemnify and keep indemnified in full Project Co on the same terms and conditions as those set out in Clauses [ REF \_Ref326759973

\r \h ], [ REF \_Ref326759979 \r \h ], [ REF \_Ref326759989 \r \h ] and [ REF \_Ref326759997 \r \h ] of this Agreement as if there had been an Employee Transfer in respect of each and every Transferring Authority Employee who has accepted any such offer and the provisions of Clause [ REF \_Ref326760013 \r \h ] shall apply in the event of any increase or decrease in the [Remuneration Costs and Reorganisation Costs].

- 25.8 Where any such offer as referred to in Clause [ REF \_Ref326759961 \r \h ] is accepted, Project Co shall act and shall procure that each relevant Service Provider shall act in all respects as if the Transfer Regulations had applied to each and every Transferring Authority Employee who has accepted any such offer and shall comply with Clause [ REF \_Ref325727560 \r \h ] (*Pension Matters*) of this Agreement in respect of each and every such employee who was immediately before the Relevant Service Transfer Date a Pensionable Authority Employee.

### Provision of Information and Employment Costs

- 25.9 The Authority has supplied to Project Co the information, as at the date of this Agreement, which is contained in Section 1 (*Employee Information*) of Schedule Part [ REF SchedulePart24 \h ] (*Employment and Pensions*) (the “**First Employee List**”) regarding the identity, number, age, sex, length of service, job title, grade and terms and conditions of employment of and other matters affecting each of those employees of the Authority and of any sub-contractor of the Authority who it is expected, if they remain in the employment of the Authority or of the sub-contractor of the Authority as the case may be until immediately before the Relevant Service Transfer Date, would be Transferring Employees but the Authority gives no warranty as to the accuracy or completeness of this information.
- 25.10 The Authority shall supply to Project Co an update of the First Employee List at three-monthly intervals from the date of this Agreement and an updated list shall also be provided ten (10) Business Days before each Relevant Service Transfer Date. The Authority shall also supply to Project Co within five (5) Business Days after each Relevant Service Transfer Date information, which was correct as at that Relevant Service Transfer Date, in respect of the Transferring Employees on all the same matters as should be provided in the First Employee List. This list is the “**Final Employee List**” and where there is more than one Relevant Service Transfer Date the “**Final Employee List**” means each list so prepared in respect of the Services and at each Relevant Service Transfer Date. The Authority gives and shall give no warranty as to the accuracy or completeness of any information contained in any update of the First Employee List or in the Final Employee List.
- 25.11 Project Co has provided to the Authority, and the Authority has agreed, the details set out in Section 3 (*Proposed Workforce Information*) of Schedule Part [ REF SchedulePart24 \h \\* MERGEFORMAT ] (*Employment and Pensions*) which show, in respect of the Services, the following information:
- 25.11.1 the workforce which Project Co proposes to establish to provide the Services (the “**Proposed Workforce**”) classified by reference to grade, job description, hours worked, shift patterns, pay scales, rates of pay and terms and conditions;
- 25.11.2 the monthly costs of employing the Proposed Workforce. These costs (the “**Remuneration Costs**”) have been calculated on the basis of

(amongst other things) the information contained in the First Employee List;

- 25.11.3 the costs, including any lump sum payments, which Project Co has allowed for the purposes of any reorganisation which may be required to establish the Proposed Workforce or a workforce which is as close as reasonably practicable to the Proposed Workforce (including but not limited to costs associated with dismissal by reason of redundancy or capability and costs of recruitment. These costs (the **“Reorganisation Costs”**) have been calculated by Project Co and the Service Providers on the basis of (amongst other things) the information contained in the First Employee List.
- 25.12 If at any time (including, for the avoidance of doubt, after the submission of the Final Employee List) the Remuneration Costs and/or the Reorganisation Costs require to be adjusted on account of any differences between the information contained in the First Employee List and that contained in the Final Employee List, or on account of any inaccuracies in or omissions from the information contained in the First Employee List or the Final Employee List then (subject to Clauses [ REF \_Ref326760128 \r \h ], [ REF \_Ref326760150 \r \h ] and [ REF \_Ref326760160 \r \h ]) there shall be a corresponding adjustment to the Annual Service Payments to compensate for any such difference.
- 25.13 If the circumstances described in Clause [ REF \_Ref326760013 \r \h ] arise:
- 25.13.1 in circumstances where there are more Transferring Employees than shown on the Final Employee List then the parties shall discuss the implications for the provision of the Services, and the implementation of the Authority Policy relating to change;
- 25.13.2 Project Co and the relevant Service Provider shall take all reasonable steps to mitigate any additional costs and any adjustment to the Annual Service Payments shall be calculated as if they had done so.
- 25.14 In calculating any adjustment which shall be made to the Annual Service Payments pursuant to Clause [ REF \_Ref326760013 \r \h ]:
- 25.14.1 no account shall be taken of a decrease in the [Remuneration Costs or Reorganisation Costs] to the extent that it arises from a reduction in the number of Transferring Employees or their whole time equivalent [such that there are immediately after the Relevant Service Transfer Date, fewer suitably qualified persons available than are required in order to establish the Proposed Workforce];
- 25.14.2 to avoid double counting, no account shall be taken of any change to the [Remuneration Costs or the Reorganisation Costs] to the extent that Project Co has been or will be compensated as a result of any indexation of the Annual Service Payments under this Agreement;

- 25.14.3 to avoid doubt any changes in costs which fall to be dealt with under Clause [ REF \_Ref326760013 \r \h ] and which arise from a Change in Law shall be dealt with in accordance with the provisions of Clause [ REF \_Ref326760013 \r \h ] and shall not be taken into account for the purposes of Clause [ REF \_Ref326760219 \r \h ] (*Changes in Law*);
- 25.14.4 no adjustments under Clause [ REF \_Ref326760013 \r \h ] shall be made in respect of overpayments made by Project Co or a Service Provider to Transferring Employees which arise from reliance on the Final Employee List to the extent that Project Co or the Service Provider is unable to correct overpayments in respect of continuing employment having taken reasonable steps to do so;
- 25.14.5 if there are underpayments by Project Co or a Service Provider to Transferring Employees, whether claimed or established as unlawful deductions from wages or as a breach of contract, which arise from reliance on the Final Employee List, there shall be an immediate increase to the Annual Service Payments in respect of all such liabilities of Project Co or the Service Provider for all such underpayments which are retrospective (save that any such liabilities which relate to the period prior to the Relevant Service Transfer Date shall be dealt with in accordance with Clauses [ REF \_Ref326759973 \r \h ] or [ REF \_Ref326759979 \r \h ]) and an appropriate increase in respect of such liabilities of Project Co which represent ongoing costs but this provision shall not apply to any underpayment relating to an Equal Pay Ruling (which underpayment shall be dealt with in accordance with Clause [ REF \_Ref326759997 \r \h ]).

To the extent that it is appropriate to do so, in order to ensure that the parties are treated fairly and reasonably, a lump sum payment may be made in place of some or all of any adjustment referred to above which would otherwise have been required to the Annual Service Payments.

- 25.15 Either party may propose an adjustment to the Annual Service Payments pursuant to Clause [ REF \_Ref326760013 \r \h ] by giving not less than ten (10) Business Days notice to the other. Each party will provide or procure the provision to the other on an open book basis access to any information or data which the other party reasonably requires for the purpose of calculating or confirming the calculation of any adjustment pursuant to Clause [ REF \_Ref326760013 \r \h ].
- 25.16 In relation to all matters described in Clause [ REF \_Ref326760128 \r \h ], Project Co and the Authority shall, and Project Co shall procure that the relevant Service Provider shall, co-operate with the other or others and take all reasonable steps to mitigate any costs and expenses and any adverse effect on industrial or employee relations.
- 25.17 The Authority shall and Project Co shall, and Project Co shall procure that each and every Service Provider shall, take all reasonable steps, including co-operation with reasonable requests for information, to ensure that each and every Employee Transfer pursuant to this Agreement takes place smoothly with the least possible disruption to the services of the Authority including the Services and to the employees who transfer.

- 25.18 The Authority shall and shall procure if it has the contractual or legal powers to do so and shall otherwise use all reasonable endeavours to procure that every relevant sub-contractor of the Authority shall supply to Project Co no later than five (5) Business Days prior to the Relevant Service Transfer Date true copies of its Recognition Agreement(s) and Project Co shall and shall procure that each and every Service Provider shall in accordance with the Transfer Regulations recognise the trade unions representing Transferring Employees (as relevant to each Service Provider) after the transfer to the same extent as they were recognised by the Authority or the relevant sub-contractor before the Relevant Service Transfer Date.
- 25.19 Project Co shall procure that, on each occasion on which the identity of a Service Provider changes pursuant to this Agreement, in the event that there is an Employee Transfer, the new Service Provider shall in accordance with the Transfer Regulations recognise the trade unions representing the employees whose contracts of employment transfer to the new Service Provider to the same extent as they were recognised before the change of identity of the Service Provider in respect of the provision of the Services at the Authority's premises.

#### **Authority Indemnities**

- 25.20 The Authority shall indemnify and keep indemnified in full Project Co (for itself and for the benefit of each relevant Service Provider) against all emoluments and all other contractual or statutory payments due to any Transferring Authority Employee, or former employee of the Authority in respect of his or her employment by the Authority or its termination by the Authority which relate to any period of employment prior to or on the Relevant Service Transfer Date even if the liability to make any such payment does not arise until on or after the Relevant Service Transfer Date (which shall include any backdated pay award by the Authority), and against all income tax and pension and national insurance contributions payable thereon.
- 25.21 Insofar as Clause [ REF \_Ref326759973 \r \h ] does not apply, the Authority shall indemnify and keep indemnified in full Project Co against all Direct Losses sustained by Project Co in consequence of any liability which transfers to Project Co or a Service Provider in accordance with the Transfer Regulations and/or the Acquired Rights Directive in relation to any Transferring Authority Employee or former employee of the Authority in respect of his or her employment by the Authority or its termination by the Authority which arises as a result of any act or omission by the Authority occurring before or on the Relevant Service Transfer Date. The provisions of this Clause [ REF \_Ref326759979 \r \h ] and of Clause [ REF \_Ref326759973 \r \h ] shall not apply in respect of any claim that the terms and conditions of employment relating to Pay of Transferring Authority Employees contravene the Equal Pay Legislation including but not limited to any claim in respect of an Equal Pay Ruling.
- 25.22 Where any liability in relation to any Transferring Authority Employee, or former employee of the Authority in respect of his or her employment by the Authority or its termination which transfers in whole or part in accordance with the Transfer Regulations and/or the Acquired Rights Directive arises partly as a result of any act or omission occurring on or before the Relevant Service Transfer Date and partly as a result of any act or omission occurring after the Relevant Service Transfer Date, the Authority shall indemnify and keep indemnified in full Project Co against only such part of the Direct Losses sustained by Project Co in

consequence of the liability as is reasonably attributable to the act or omission occurring before the Relevant Service Transfer Date.

- 25.23 The indemnities contained in Clause [ REF \_Ref326759973 \r \h ] and Clause [ REF \_Ref326759979 \r \h ] shall apply as if references in those Clauses to any Transferring Authority Employee also included a reference to any Transferring Private Sector Employee to the extent that the Authority recovers any sum in respect of the subject matter of those indemnities from any sub-contractor of the Authority under any indemnity or other legal entitlement it has against such sub-contractor. The Authority undertakes that it will use all reasonable endeavours to recover any sums under any such entitlement as is mentioned in this Clause [ REF \_Ref326760326 \r \h ].
- 25.24 To avoid doubt, nothing in Clauses [ REF \_Ref326759973 \r \h ] or [ REF \_Ref326759979 \r \h ] shall impose any liability upon the Authority for any part of any statutory or contractual redundancy payment to any Transferring Employee which is payable as a result of any termination of employment of a Transferring Employee occurring after the Relevant Service Transfer Date.
- 25.25 If there is an Equal Pay Ruling relating to any Transferring Authority Employees the Authority shall indemnify Project Co and keep Project Co indemnified (for itself and for the benefit of each relevant Service Provider) against all loss, damages, injury, claims, costs, liabilities and expenses (including legal expenses) arising out of or in connection with the Equal Pay Ruling. Project Co will not be entitled to the benefit of this indemnity in respect of an Equal Pay Adjustment which is dealt with in Clause [ REF \_Ref326760350 \r \h ] below.
- 25.26 Following each Equal Pay Adjustment the Annual Service Payments shall be adjusted by operation of Clause [ REF \_Ref326760375 \r \h ] to reflect the additional cost to Project Co and/or the Service Provider of employment of the Transferring Authority Employee.
- 25.27 To avoid doubt, Clause [ REF \_Ref321245432 \r \h ] applies to the indemnities under Clauses [ REF \_Ref326759973 \r \h ], [ REF \_Ref326759979 \r \h ], [ REF \_Ref326759989 \r \h ] and [ REF \_Ref326759997 \r \h ].

#### **Compliance with Law and Authority Policies**

- 25.28 Project Co shall comply and shall procure that each Service Provider and all persons employed or engaged by a Service Provider in connection with the provision of any Service shall comply at all times with the Law on health and safety at work and on anti-discrimination and equal opportunities.
- 25.29 Project Co shall procure that each Service Provider takes all reasonable steps to procure that all persons including any employed or engaged by a Service Provider in connection with the provision of any Service shall, so far as applicable, comply with the Authority Policies as regards health and safety at work (including the Authority Policy regarding smoking) and with those relating to anti-discrimination and equal opportunities (including those relating to harassment). Project Co also shall take and shall procure that every Service Provider shall take all such steps as the Authority may reasonably require, which shall include co-operation with

action proposed or taken by the Authority, to ensure that the Authority complies with its duty under section 3(1) Health and Safety at Work Act 1974 regarding the conduct of the undertaking of the Authority.

- 25.30 Project Co shall or shall procure that it and/or any relevant Service Provider to whom any Transferring Authority Employees transfer under an Employee Transfer shall:
- 25.30.1 ensure that all individuals (including Transferring Authority Employees) employed or engaged from time to time in the provision of the Services (“Assigned Employees”) are engaged on terms and conditions of employment which are no less favourable overall than those applying to the Transferring Authority Employees;
  - 25.30.2 subject to Clause [ REF \_Ref326760453 \r \h ] ensure that the terms and conditions offered to any new employees who are being employed or engaged in the provision of the Services are offered after full consultation with the representatives of any recognised trade union of the Assigned Employees or, in the event that there is no recognised trade union for the Assigned Employees, with other elected representatives of such Assigned Employees;
  - 25.30.3 subject to Clauses [ REF \_Ref326760453 \r \h ] and [ REF \_Ref326760482 \r \h ], ensure that any changes to the terms and conditions of the Assigned Employees are achieved after full consultation with the representatives of any recognised trade union of such Assigned Employees or, in the event that there is no recognised trade union for such Assigned Employees, with other elected representatives of such Assigned Employees;
  - 25.30.4 use all reasonable endeavours to promote and conduct fair employment practices and best practice in relation to health and safety and equal opportunities and maintain a constructive approach to employee relations, including to the question of trade union recognition;
  - 25.30.5 support any government sponsored review of any guidelines, recommendations or requirements in relation to public private partnerships in Scotland and that Project Co shall provide (and shall procure that any Service Provider shall provide) the Authority with all such advice, information or other support as it shall require to enable it to assist any such reviews;
  - 25.30.6 provide in writing to the Authority immediately upon a request from the Authority, subject to its obligations relating to data protection and confidentiality, all such information or documentation as the Authority may require acting reasonably to enable it to review and monitor the extent to which Project Co (or any Service Provider) complies with the conditions set out in the document “Public Private Partnerships in Scotland – Protocol and Guidance Concerning Employment Issues” (or any such similar protocol, requirements or guidance issued and with which the Authority, Project Co or any Service Provider may be required to comply) and in this Clause [ REF \_Ref326760497 \r \h ] throughout the

period of this Agreement. Such information may include (but shall not be limited to) information relating to:

- (a) the management arrangements for the Assigned Employees;
- (b) the pay, terms and conditions of the Assigned Employees, including details of the pension arrangements for Assigned Employees;
- (c) the variety of workforce training and development opportunities available to the Assigned Employees;
- (d) the framework for and conduct of employee relations relating to the Assigned Employees, including the employer's approach to trade union recognition and facilities;
- (e) the health and safety, equal opportunities or other employment related procedures relating to the Assigned Employees;

25.30.7 provide to the Authority as soon as reasonably practicable any further information or documentation in its possession or under its control (or which it can reasonably obtain) which updates any information or documentation provided in accordance with Clause [ REF \_Ref326760505 \r \h ] above;

25.30.8 warrant that the information provided to the Authority in accordance with Clauses [ REF \_Ref326760505 \r \h ] and [ REF \_Ref326760572 \r \h ] above will be full, complete and accurate;

25.30.9 indemnify the Authority and keep the Authority indemnified in full against all costs, claims, liabilities or expenses (including legal expenses) suffered or incurred by the Authority which relate to or arise out of any breach by Project Co (or any Service Provider) of any of the provisions of Clauses [ REF \_Ref326760505 \r \h ] and [ REF \_Ref326760572 \r \h ] above;

25.30.10 indemnify the Authority and keep the Authority indemnified in full from and against any cost, claims, liabilities and expenses (including legal expenses) suffered or incurred by the Authority which relate to or arise out of any act or omission by Project Co or any Service Provider or any other event or occurrence in each case on or after the Relevant Service Transfer Date up to but not including the date of expiry or termination of this Agreement (including, without prejudice to the foregoing generality, in relation to negligence claims by any Transferring Authority Employee or third party, unfair dismissal, redundancy, unlawful discrimination, breach of contract, unlawful deduction of wages and, subject to Clauses [ REF \_Ref326759997 \r \h ] and [ REF \_Ref326760350 \r \h ], equal pay).

#### **Project Co Indemnities**



25.31 Project Co shall indemnify and keep indemnified in full the Authority and, at the Authority's request, each and every service provider who has or shall provide any service equivalent to any of the Services against:

25.31.1 claims in respect of all emoluments and all other contractual or statutory payments unpaid by Project Co or a Service Provider to any person entitled to such payments from Project Co or a Service Provider who is or has been employed or engaged by Project Co or any Service Provider in connection with the provision of any of the Services which relate to any period of employment or engagement with Project Co or any Service Provider on or after the Relevant Service Transfer Date but on or prior to the date of expiry or termination of this Agreement, and all income tax and pension and national insurance contributions payable thereon; and

25.31.2 insofar as Clause [ REF \_Ref326760623 \r \h ] does not apply, all Direct Losses incurred by the Authority as a result of any claim against the Authority in respect of any liability to any person who is or has been employed or engaged (whether as a consequence of the Transfer Regulations or of the provisions of this Clause [ REF \_Ref321240527 \w \h \\* MERGEFORMAT ] (*TUPE and Employment Matters*)) by Project Co or any Service Provider in connection with the provision of any of the Services, where such claim arises as a result of any act or omission of Project Co or the Service Provider occurring after the Relevant Service Transfer Date and on or before the expiry or termination of this Agreement;

BUT the indemnities in Clauses [ REF \_Ref326760623 \r \h ] and [ REF \_Ref326760650 \r \h ] shall not apply:

- (a) in respect of any sum for which the Authority is obliged to indemnify Project Co or a relevant Service Provider pursuant to Clause [ REF \_Ref326759973 \r \h ] or [ REF \_Ref326759979 \r \h ] or as a result of any adjustment to the Annual Service Payments in accordance with Clause [ REF \_Ref326760013 \r \h ]; or
- (b) to the extent that the claim arises from a wrongful act or omission of the Authority.

25.32 Clause [ REF \_Ref321245432 \r \h ] (*Conduct of Claims*) of this Agreement shall apply where any claim is made in respect of the indemnities given by Project Co under Clause [ REF \_Ref326760720 \r \h ].

#### **Position on expiry or earlier termination of this Agreement**

25.33 On the expiry or earlier termination of this Agreement, the Authority and Project Co agree that it is their intention that the Transfer Regulations shall apply in respect of the provision thereafter of any service equivalent to a Service but the position shall be determined in accordance with the Law at the date of expiry or termination as the case may be and this Clause is without prejudice to such determination.

25.34 Project Co shall not and shall procure that no Service Provider shall make any material change to the terms and conditions of employment of any person employed in the provision of any Service, transfer any person employed in the provision of any Service to another part of its business, or materially increase or decrease the number of such persons:

25.34.1 within the period of twelve months immediately preceding the expiry of this Agreement; or

25.34.2 within the period of twelve months before the termination of this Agreement or, if shorter, during the period of notice of termination

without the Authority's consent (which shall not be unreasonably withheld), except if such change is required by Law.

25.35 If the Transfer Regulations do not apply on the expiry or earlier termination of this Agreement, the Authority shall ensure that each new provider of a service equivalent to a Service on or after the expiry or earlier termination of this Agreement (including the Authority) shall offer employment to the persons employed by Project Co or a Service Provider in the provision of the Service immediately before the expiry or earlier termination of this Agreement and shall indemnify Project Co or a Service Provider for Direct Losses any of them may suffer or incur as a result of its failure to do so, and for any costs, claims or liabilities for redundancy payments (whether statutory or contractual)

25.36 If an offer of employment is made in accordance with Clause [ REF \_Ref327438806 \r \h ] the employment shall be on the same terms and conditions as applied immediately before the expiry or earlier termination of this Agreement including full continuity of employment, except that the Authority or other new service provider may at its absolute discretion not offer such terms and conditions if there has been any change to the terms and conditions of the persons concerned in breach of Clause [ REF \_Ref326760482 \r \h ].

#### **Staff Records**

25.37 The Authority shall, subject to the requirements of the Law, deliver to Project Co as soon as reasonably practicable after the Relevant Service Transfer Date all those records relating to the Transferring Employees which were in its possession or under its control at the Relevant Service Transfer Date, which shall include all such records relating to competence, qualifications and training.

25.38 The Authority gives no warranty as to the accuracy or completeness of any records referred to in Clause [ REF \_Ref326760744 \r \h ] except that it warrants that it has maintained all those records relating to the Transferring Authority Employees as it is required by Law to maintain to the extent which the Law requires.

25.39 Project Co shall procure that there shall be provided to each Transferring Authority Employee who was employed by the Authority immediately before the Relevant Service Transfer Date rights in respect of employment on or after the Relevant

Service Transfer Date equivalent to those to which the employee would have been entitled under the NHS (Scotland) (Injury Benefit) Regulations 1998 as amended from time to time had he remained in the Authority's employment.

## 26 PENSIONS

- 26.1 Project Co shall procure that each Pensionable Authority Employee shall be offered membership of a pension scheme for future service operated by Project Co (or the relevant Service Provider), on the Relevant Service Transfer Date, which has been certified by the Government Actuary's Department as broadly comparable to the NHS Pension Scheme assessed following the principles set out in the Statement of Practice issued by the Government Actuary's Department as current at the time.
- 26.2 Project Co shall ensure that a certificate from the Government Actuary's Department referred to in Clause [ REF \_Ref326760785 \r \h ] for each relevant pension scheme shall be delivered to the Authority on or before signature of this Agreement and shall provide confirmation that the certificate remains in force three months before each Relevant Service Transfer Date in respect of each Pensionable Authority Employee who is to be offered membership of the pension scheme to which the certificate relates.
- 26.3 The Authority shall provide Project Co with such information as it (or its Service Providers) may reasonably require in relation to the NHS Pension Scheme to enable Project Co (or its Service Providers) to submit a proposal to the Government Actuary's Department to assess the comparability of Project Co's (or the relevant Service Provider's) pension scheme. The Authority may (at its option) provide such information directly to the Government Actuary's Department. Project Co shall (and it shall procure that its Service Providers shall) provide such documentation as is required to enable the Government Actuary's Department to consider the question of comparability including, but not necessarily limited to, the Trust Deed and Rules of any scheme operated by Project Co and its Service Providers, the latest actuarial valuation report, the latest trustees' report and accounts together with a statement giving details of the increases in pensions in payment and deferred pensions in each of the last ten years and details of any area where the trustees will operate discretion to improve benefits.
- 26.4 All costs incurred in obtaining a certificate of broad comparability from the Government Actuary's Department shall be borne by Project Co.
- 26.5 Where the employment of any Pensionable Authority Employee is transferred on a second and/or subsequent occasion on a change of Service Provider during the subsistence of this Agreement, Project Co shall procure each Pensionable Authority Employee who is a member of, or eligible for membership of, the outgoing Service Provider's pension scheme shall be offered membership of a pension scheme operated by the incoming Service Provider which, as a minimum:
- 26.5.1 for future service offers the benefits which enabled any preceding Service Provider's pension schemes of which that Pensionable Authority Employee was a member (or was eligible to be a member) to be certified as being broadly comparable in accordance with the provisions of Clauses [ REF \_Ref326760785 \r \h ] to [ REF \_Ref326760803 \r \h ] inclusive; and

- 26.5.2 in respect of accrued benefits meets the requirements for bulk transfer agreements contained in Clause [ REF \_Ref326760809 \r \h ].
- 26.6 Project Co shall procure that each relevant pension scheme of which any Pensionable Authority Employee becomes a member, whether on initial transfer of their employment from the Authority to the Service Provider or on a second or subsequent transfer, shall, on the initial transfer, be able to accept and (subject to one or more Pensionable Authority Employees making the necessary election and in consideration of the payment of Transfer Values but otherwise without condition), shall accept bulk transfers from the NHS Pension Scheme, or, on a second or subsequent transfer, from any relevant pension scheme of a Service Provider of which that Pensionable Authority Employee has become a member, in respect of benefits which that Pensionable Authority Employee has accrued in the NHS Pension Scheme or subsequent relevant pension scheme. The assumptions terms which the parties have agreed shall apply with respect to the calculation of Transfer Values from the NHS Pension Scheme (the “**Initial Bulk Transfer Terms**”) are set out in Section 2 (*Bulk Transfer Assumptions*) of Schedule Part [ REF SchedulePart24 \h ] (*Employment and Pensions*). In respect of second and subsequent transfers, the terms which shall apply with respect to the calculation of Transfer Values shall be such as shall provide Transfer Values which are not less than the Transfer Values which would result from applying the Initial Bulk Transfer Terms.
- 26.7 The Authority shall have the right, but not the obligation, on any second or subsequent transfer, to request the Government Actuary’s Department to certify, in respect of any relevant pension scheme, that the requirements of Clauses [ REF \_Ref326760856 \r \h ] and [ REF \_Ref326760809 \r \h ] have been met. Project Co shall (and it shall procure that its Service Providers shall) provide all such documentation as is required to enable the Government Actuary’s Department to make the necessary assessment.
- 26.8 Notwithstanding the provisions of Clause [ REF \_Ref326759888 \r \h ] Project Co shall procure that there shall be provided for each Pensionable Authority Employee, as far as practicable, on termination of employment on or after the Relevant Service Transfer Date, and on or before the Termination Date, rights which replicate those to which the employee would have been entitled under the NHS Superannuation Scheme (Scotland) Regulations 1995 and the NHS (Compensation for Premature Retirement) (Scotland) Regulations 2003 as amended from time to time had he remained in Authority employment or if any such Employee cannot be given in any respect such equivalent rights he shall be provided with compensation which is broadly comparable or of equivalent value to the lost entitlement.
- 26.9 Project Co shall procure that any persons who may be employed by Project Co or by a Service Provider at any time during the subsistence of this Agreement who are not Pensionable Authority Employees but who are nevertheless wholly or substantially engaged in the provision of any of the Services shall be offered membership of the broadly comparable pension scheme operated by Project Co (or the relevant Service Provider) pursuant to Clause [ REF \_Ref326760785 \r \h ] or Clause [ REF \_Ref326760856 \r \h ], as applicable, on the same basis as the relevant Pensionable Authority Employees.]

## 27 SITE SECURITY AND PERSONNEL ISSUES

## **Access**

- 27.1 The Authority shall have the right to refuse admittance to, or order the removal from, the Facilities of any person employed by (or acting on behalf of) Project Co, any Project Co Party or any sub-contractor whose presence, in the reasonable opinion of the Authority, is likely to have a material adverse effect on the provision by the Authority of the relevant Authority Services at the Facilities or who is not a fit and proper person to be in the Facilities.
- 27.2 Action taken under Clause [ REF \_Ref321240588 \w \h \\* MERGEFORMAT ] shall forthwith be confirmed in writing by the Authority to Project Co and, to avoid doubt, shall not relieve Project Co of any of its obligations under this Agreement.
- 27.3 If and when so directed in writing by the Authority, Project Co shall within twenty (20) Business Days provide a list of the names and addresses of all persons it expects may require admission in connection with this Agreement, to any premises occupied by the Authority, specifying the capacities in which those persons are concerned with this Agreement and giving such other particulars as the Authority may reasonably require.
- 27.4 The decision of the Authority as to whether any person is to be refused admission shall be final and conclusive.

## **Authority Policies**

- 27.5 Project Co shall, and shall procure that all Project Co Parties shall, comply at all times with the Authority Policies.
- 27.6 The Authority shall notify Project Co of any proposed change to the Authority Policies as soon as practicable (and, in any event, prior to such change taking effect) and consult with Project Co. Subject to Clause [ REF \_Ref321240596 \w \h \\* MERGEFORMAT ], such change shall take effect as a Change in accordance with Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*).
- 27.7 The Authority may, at its sole option, notify Project Co that Project Co shall not be obliged to comply with any change to any Authority Policy and that Project Co should continue to comply with the relevant Authority Policy prior to any change in which case such change shall not take effect as a Change in accordance with Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*).

## **Resources and training**

- 27.8 Project Co shall procure that:
- 27.8.1 there shall at all times be a sufficient number of staff (including all relevant grades of supervisory staff) engaged in the provision of the Services with the requisite level of skill and experience. To avoid doubt,

this obligation shall include ensuring that there are sufficient staff to cover periods of holiday, sickness, other absence, and anticipated and actual peaks in demand for each of the Services; and

- 27.8.2 all staff receive such training and supervision as is necessary to ensure the proper performance of this Agreement and compliance with all health and safety rules, procedures and requirements[;

provided that Project Co shall not be in breach of its obligations under this Clause [ REF \_Ref325720293 \r \h \\* MERGEFORMAT ] to the extent that such breach is caused or contributed to by the Authority failing to comply with its obligations under Clause [ REF \_Ref326592025 \r \h ]].

- 27.9 [The Authority agrees to permit and arrange for any person who in the event that he or she remains in the employment of the Authority as at the Relevant Service Transfer Date will be a Transferring Authority Employee to receive training and to make familiarisation visits to the Facilities (all as reasonably requested by Project Co and in such manner as to ensure that there is no material adverse effect on the operations of the Authority as a result of the same).]

#### **Convictions and disciplinary action**

- 27.10 Project Co (to the extent permitted by Law) shall procure that all potential staff or persons performing any of the [Project Operations] [other than Transferring Authority Employees] as confirmed by the Authority whose duties do not thereafter change so that they may reasonably be expected to have access to children, the elderly and/or vulnerable adults in the course of their employment or engagement) who may reasonably be expected in the course of their employment or engagement to have access to children, the elderly and/or vulnerable adults:

27.10.1 are questioned concerning their Convictions; and

27.10.2 only in the case of potential staff who may reasonably be expected in the course of their employment to have access to children, the elderly and/or vulnerable adults, are required to complete a [Protecting Vulnerable Groups Scheme] form.

- 27.11 Project Co shall procure that no person who discloses any Convictions, or who is found to have any Convictions following the completion of an enhanced Disclosure Scotland check, in either case of which Project Co or a Service Provider is aware or ought to be aware is employed or engaged in the provision of the [Project Operations] without the Authority's prior written consent (such consent not to be unreasonably withheld or delayed).

- 27.12 Project Co shall procure that the Authority is kept advised at all times of any person employed or engaged by Project Co or any Service Provider in the provision of any of the [Project Operations] who, subsequent to his/her commencement of such employment or engagement, receives a Conviction of which Project Co or a Service Provider becomes aware or whose previous Convictions become known to Project Co or a Service Provider.

- 27.13 The Authority's Representative (acting reasonably) may instruct Project Co to procure that appropriate disciplinary action is taken against any employee of Project Co or any Sub-Contractor (in accordance with the terms and conditions of employment of the employee concerned) who misconducts himself or is incompetent or negligent in his duties or whose presence or conduct on the Site or at work is otherwise considered by the Authority's Representative (acting reasonably) to be undesirable. The Authority shall co-operate with any such disciplinary proceedings and shall be advised in writing by Project Co of the outcome.
- 27.14 Project Co shall procure that there are set up and maintained, by it and by all Service Providers, personnel policies and procedures covering all relevant matters (including discipline, grievance, equal opportunities and health and safety). Project Co shall procure that the terms and the implementation of such policies and procedures comply with Law and Good Industry Practice and that they are published in written form and that copies of them (and any revisions and amendments to them) are forthwith issued to the Authority.

### **Management**

- 27.15 [Project Co shall consult with the Authority in relation to the selection procedure for Project Co's Facility Manager and such person shall not be appointed (or replaced) without the prior written consent of the Authority (such consent not to be unreasonably withheld or delayed).]
- 27.16 Project Co shall provide, and shall procure that all Service Providers provide, to the Authority upon request details of their respective management organisations.

### **Lists and Records**

- 27.17 Project Co shall procure that the Authority's Representative shall at all reasonable times have access to all material details in respect of all employees of Project Co or any Service Provider engaged in the provision of the Services including numbers and categories of staff employed to perform the Services and including in respect of each such employee:

27.17.1 details of qualifications; and

27.17.2 details of training undertaken by the employee.

### **Health Requirements**

- 27.18 [Project Co shall procure that all potential employees or persons who may otherwise perform any of the Services (other than Transferring Authority Employees) undergo pre-employment health screening (including a medical examination if necessary) by a qualified occupational health professional to establish in each case that the relevant person is medically fit for his proposed tasks in the provision of the Services and that he does not pose at that time any danger to the health of other persons (provided that Project Co is not required to

procure compliance with an obligation which contravenes the Equality Act 2010) and Project Co shall also procure (to the extent permitted by Law) that all persons employed or engaged in the provision of the Services shall undergo such medical screening examination or treatment and provide such information during the currency of this Agreement when reasonably requested to do so by the Authority as required to ensure that the Authority is able to comply with relevant legal obligations in respect of the health of Authority staff, patients or visitors to Authority premises.]

- 27.19 To the extent permitted by Law, records of all screenings, examinations or treatments referred to in this Clause [ REF \_Ref325720801 \r \h \\* MERGEFORMAT ] (*Site Security and Personnel Issues*) shall be held by Project Co on behalf of and as agent for the Authority and produced (subject to requirements under the Law) for inspection upon request by the Authority's Representative provided that no such inspection shall take place unless each staff member has given his or her written consent to such inspection.
- 27.20 Project Co shall (to the extent permitted by Law) procure that the Authority shall be informed upon reasonable request by the Authority of the outcome of each and every medical screening examination or treatment referred to in Clause [ REF \_Ref325720934 \r \h \\* MERGEFORMAT ] with reference to the purpose of the screening, examination or treatment concerned and shall receive all such other information referred to in Clause [ REF \_Ref325720934 \r \h \\* MERGEFORMAT ] subject to requirements under the Law.
- 27.21 The Authority's Representative may (acting reasonably) refuse admittance to or order the removal from the Authority's premises of any person employed or engaged in the provision of the Services whose presence poses or is reasonably believed to pose a risk to the health of Authority staff, patients or visitors and such action, which shall forthwith be confirmed in writing by the Authority, shall not relieve Project Co of any of its obligations under this Agreement.

## 28 STOCKS CONSUMABLES, MATERIALS AND EQUIPMENT

### Standards

- 28.1 All goods, equipment, consumables and materials which are to be used in the provision of the Services shall be of satisfactory quality.
- 28.2 Project Co shall ensure that the goods, equipment, consumables and materials used by it or any Sub-Contractor in connection with the provision of any of the Services (each as a distinct and separate obligation) are:
- 28.2.1 maintained in a safe, serviceable and clean condition in accordance with Good Industry Practice;
  - 28.2.2 of the type specified in the Service Level Specification and/or the Method Statements (where appropriate); and



28.2.3 in compliance with any relevant rules, regulations, codes of practice and/or British or European Standards,

and shall, as soon as practicable after receiving a request from the Authority's Representative, supply to the Authority's Representative evidence to demonstrate its compliance with this Clause [ REF \_Ref321240605 \w \h \\* MERGEFORMAT ].

28.3 Project Co shall procure that sufficient stocks of goods, consumables, equipment and materials are held in order to comply with its obligations under this Agreement.

#### **Hazardous substances and materials**

28.4 Project Co shall not install, keep or use in or on the Facilities any materials, equipment or apparatus the installation, keeping or use of which is likely to cause (or in fact causes):

28.4.1 material damage to the Facilities;

28.4.2 dust, noise or vibration constituting a nuisance to the owners and/or occupiers of any property adjoining or near to the Facilities; or

28.4.3 the generation, accumulation or migration of any hazardous substance in an unlawful manner whether within or outside the Facilities,

and shall use all reasonable endeavours to ensure (by directions to staff and otherwise) that all materials, equipment or apparatus in or on the Facilities is operated so as to minimise noise and vibration likely to cause annoyance or disturbance and the unlawful generation or migration of any hazardous substance.

28.5 Project Co shall not bring in or on to (or keep or maintain in or on) the Facilities any hazardous materials or equipment without the prior written consent of the Authority and unless Project Co has complied with all relevant Law.

28.6 Without prejudice to the generality of its obligations, Project Co shall:

28.6.1 procure that all hazardous materials and equipment used, by it or by a Sub-Contractor or used on behalf of any of them, or stored, by it or by a Sub-Contractor or stored on behalf of any of them, on the Site are kept in accordance with all relevant Law and Good Industry Practice, properly and securely labelled and stored, under appropriate supervision and used only by appropriately trained and competent staff; and

28.6.2 use all practicable and reasonable means to:

- (a) prevent or counteract, to the satisfaction of the Authority's Representative, the unlawful emission of any such hazardous substance;
- (b) avoid the unlawful discharge into any conducting media serving the Facilities of any hazardous substance;
- (c) prevent the unlawful generation, accumulation or migration of any hazardous substance at or from the Facilities; and
- (d) prevent any environmental claims arising or any circumstances arising likely to result in any environmental claims,

in so far as any such hazardous substance is, or should be, under the control of Project Co pursuant to this Agreement.

28.7 The Authority shall:

28.7.1 procure that all hazardous materials and equipment used, by it or by any Authority Party or used on behalf of any of them, or stored, by it or by any Authority Party or stored on behalf of any of them, on the Site are kept in accordance with all relevant Law and Good Industry Practice, properly and securely labelled and stored, under appropriate supervision and used only by appropriately trained and competent staff; and

28.7.2 use all practicable and reasonable means to:

- (a) prevent or counteract the unlawful emission of any such hazardous substance;
- (b) avoid the unlawful discharge into any conducting media serving the Facilities of any hazardous substance;
- (c) prevent the unlawful generation, accumulation or migration of any hazardous substance at or from the Facilities; and
- (d) prevent any environmental claims arising or any circumstances arising likely to result in any environmental claims,

in so far as any such hazardous substance is, or should be, under the control of the Authority.

28.8 [The Authority] [Project Co] shall:

- 28.8.1 [maintain] [maintain or procure that a Service Provider maintains] a COSHH register for the Facilities, which shall be up-to-date at all times;
- 28.8.2 ensure that a copy of the COSHH register is kept at the Facilities; and
- 28.8.3 ensure that a further copy of the COSHH register is given to [Project Co] [the Authority] as often as it is changed.

## PART 7: DELAY EVENTS, RELIEF EVENTS AND FORCE MAJEURE

### 29 DELAY EVENTS

- 29.1 If, at any time, Project Co becomes aware that there will be (or is likely to be) a delay in completion of the Works [relating to one or more Phases], Project Co shall forthwith give notice to the Authority's Representative to that effect specifying the relevant delay or impediment. In relation to any such delay or impediment if the Authority's Representative is satisfied, or it is determined in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*), that such delay or impediment has arisen as a result of the occurrence of a Delay Event, then, subject to Clause [ REF \_Ref321240612 \w \h \\* MERGEFORMAT ], the Authority's Representative shall allow Project Co an extension of time equal to the delay or impediment caused by such Delay Event (taking into account reasonably foreseeable consequences of the Delay Event) and shall revise the Completion Date [relevant Phase Completion Date(s)] accordingly but to avoid doubt, there shall be no extension to the Project Term as a result of any such delay or impediment.
- 29.2 If Project Co is (or claims to be) affected by a Delay Event:
- 29.2.1 it shall (and shall procure that the Project Co Parties shall) take and continue to take all reasonable steps to eliminate or mitigate the consequences of such an event upon the performance of its obligations under this Agreement and, where relevant, resume performance of its obligations affected by the Delay Event as soon as practicable; and
- 29.2.2 it shall neither be relieved from liability under this Agreement nor entitled to any extension of time for the purpose of Clause [ REF \_Ref321240619 \w \h \\* MERGEFORMAT ] (*Delay Events*) to the extent that it is delayed or impeded due to its failure (if any) to comply with its obligations under Clause [ REF \_Ref321240625 \w \h \\* MERGEFORMAT ] above.
- 29.3 For the purposes of this Agreement, a Delay Event means any of the following to the extent in each case that there will be (or is likely to be) a delay in completion of the Facilities [a Phase or Phases]:
- 29.3.1 the occurrence of a Qualifying Change in relation to which it has been agreed or determined that the implementation of the Authority Change would delay the completion of the Facilities [the Phase(s)];
- 29.3.2 any breach by the Authority and/or any Authority Party of any of the Authority's express obligations under this Agreement to the extent in each case that any such breach is not caused, or contributed to, by Project Co or any Project Co Party;
- 29.3.3 the execution of works on the Site not forming part of this Agreement by the Authority or any contractors employed by the Authority;

- 29.3.4 opening up of the Works pursuant to Clauses [ REF \_Ref321239475 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321240641 \w \h \\* MERGEFORMAT ] (inclusive) where such Works are not subsequently found to be defective (unless it is agreed or determined in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*) that the opening up of the Works was reasonable in the light of other defects previously discovered by the Authority);
  - 29.3.5 Force Majeure;
  - 29.3.6 a Relief Event;
  - 29.3.7 a Relevant Change in Law referred to in Clause [ REF \_Ref321240651 \w \h \\* MERGEFORMAT ] (*Discriminatory Change in Law*) and Clause [ REF \_Ref321241427 \r \h \\* MERGEFORMAT ] (*Specific Change in Law*); or
  - 29.3.8 the occurrence of circumstances deemed to be a Compensation Event pursuant to Clause [ REF \_Ref325711761 \r \h ]].
- 29.4 Without prejudice to the generality of Clause [ REF \_Ref321240656 \w \h \\* MERGEFORMAT ] (*Delay Events*), Project Co shall give notice in writing to the Authority's Representative as soon as it (or the Contractor) can reasonably foresee a Delay Event occurring or, if the same is not reasonably foreseeable, as soon as it (or the Contractor) shall become aware of a Delay Event. Project Co shall within [ ] Business Days after such notification, give further written details to the Authority's Representative which shall include:
- 29.4.1 a statement of which Delay Event the claim is based upon;
  - 29.4.2 details of the circumstances from which the Delay Event arises;
  - 29.4.3 details of the contemporary records which Project Co will maintain to substantiate its claim for extra time;
  - 29.4.4 details of the consequences (whether direct or indirect, financial or non-financial) which such Delay Event may have upon completion of the Facilities [relevant Phase(s)]; and
  - 29.4.5 details of any measures which Project Co proposes to adopt to mitigate the consequences of such Delay Event.
- 29.5 As soon as possible but in any event within [ ] Business Days of Project Co (or the Contractor) receiving, or becoming aware of, any supplemental information which may further substantiate or support Project Co's claim then, provided that the Completion Date [Phase Completion Date] has not otherwise already been revised pursuant to Clause [ REF \_Ref321240673 \w \h \\* MERGEFORMAT ],

Project Co shall submit further particulars based on such information to the Authority's Representative.

29.6 The Authority's Representative shall, after receipt of written details under Clause [ REF \_Ref321240680 \w \h \\* MERGEFORMAT ], or of further particulars under Clause [ REF \_Ref321240689 \w \h \\* MERGEFORMAT ], be entitled by notice in writing to require Project Co to provide such further supporting particulars as he may reasonably consider necessary. Project Co shall afford the Authority's Representative reasonable facilities for investigating the validity of Project Co's claim including, without limitation, onsite inspection.

29.7 Subject to the provisions of this Clause, the Authority's Representative shall revise the Completion Date [relevant Phase Completion Date(s)] in accordance with Clause [ REF \_Ref321240699 \w \h \\* MERGEFORMAT ] (*Delay Events*) as soon as reasonably practicable and in any event within [ ] Business Days of the later of:

29.7.1 the date of receipt by the Authority's Representative of Project Co's notice given in accordance with Clause [ REF \_Ref321240709 \w \h \\* MERGEFORMAT ] and the date of receipt of any further particulars (if such are required under Clause [ REF \_Ref321240718 \w \h \\* MERGEFORMAT ]), whichever is the later; and

29.7.2 the date of receipt by the Authority's Representative of any supplemental information supplied by Project Co in accordance with Clause [ REF \_Ref321240689 \w \h \\* MERGEFORMAT ] and the date of receipt of any further particulars (if such are required under Clause [ REF \_Ref321240718 \w \h \\* MERGEFORMAT ]), whichever is the later.

If Project Co has failed to comply with the requirements as to the giving of notice under Clause [ REF \_Ref321240709 \w \h ], or has failed to maintain records or afford facilities for inspection to the Authority's Representative, then Project Co shall not be entitled to any extension of time (and the Completion Date [relevant Phase Completion Date(s)] shall not be revised) in respect of any period of delay by Project Co in giving notice or providing information under Clause [ REF \_Ref321240709 \w \h ] and/or to the extent that its failure to maintain records or afford facilities for inspection to the Authority's Representative has prevented the Authority's Representative from assessing the consequences of the Delay Event.

29.8 If:

29.8.1 the Authority's Representative declines to fix a revised Completion Date [Phase Completion Date(s)]; or

29.8.2 Project Co considers that a different Completion Date [Phase Completion Date(s)] should be fixed; or

29.8.3 there is a disagreement as to whether a Delay Event has occurred,

then Project Co shall be entitled to refer the matter for determination in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*).

## Compensation

- 29.9 If the Delay Event is a Compensation Event Project Co's sole right to compensation shall be as provided for in Clauses [ REF \_Ref321241090 \w \h ] to [ REF \_Ref321241097 \w \h ] inclusive. To avoid doubt, no other Delay Event shall entitle Project Co to receive any compensation save as otherwise expressly provided in:
- 29.9.1 Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) in the case of a Delay Event referred to in Clause [ REF \_Ref321241490 \r \h \\* MERGEFORMAT ] (subject always to the provisions of Clause [ REF \_Ref321241524 \r \h \\* MERGEFORMAT ] (*Changes in Law*)); or
- 29.9.2 Clause [ REF \_Ref321241524 \r \h \\* MERGEFORMAT ] (*Changes in Law*) in the case of a Delay Event referred to in Clause [ REF \_Ref321240680 \r \h \\* MERGEFORMAT ]
- 29.10 For the purposes of Clause [ REF \_Ref321241596 \r \h ], a Compensation Event means:
- 29.10.1 any Delay Event referred to in Clause [ REF \_Ref321241606 \r \h \\* MERGEFORMAT ], Clause [ REF \_Ref321241625 \r \h \\* MERGEFORMAT ] or Clause [ REF \_Ref321239496 \r \h \\* MERGEFORMAT ] for which, in each case, it has been agreed or determined pursuant to this Clause [ REF \_Ref321241658 \r \h \\* MERGEFORMAT ] (*Delay Events*) that Project Co is entitled to an extension of time; or
- 29.10.2 in the period prior to the Actual Completion Date [a Phase Actual Completion Date], in circumstances where there is no delay in completion of the Facilities [relevant Phase] any breach by the Authority and/or any Authority Party of any of the Authority's express obligations under this Agreement to the extent that such breach is not caused, or contributed to, by Project Co or any Project Co Party; or
- 29.10.3 the occurrence of circumstances deemed to be a Compensation Event pursuant to Clause [ REF \_Ref325711761 \r \h ].
- 29.11 Subject to Clause [ REF \_Ref321241702 \r \h \\* MERGEFORMAT ], if it is agreed, or determined, that there has been a Compensation Event, and Project Co has incurred loss (including loss of revenue) and/or expense as a direct result of such Compensation Event, Project Co shall be entitled to such compensation as would place Project Co in no better or worse position than it would have been in had the relevant Compensation Event not occurred. Project Co shall promptly provide the

Authority's Representative with any additional information he may require in order to determine the amount of such compensation.

29.12 Project Co shall take all reasonable steps so as to minimise the loss and/or expense referred to in Clause [ REF \_Ref321241090 \r \h \\* MERGEFORMAT ] in relation to any Compensation Event and any compensation payable shall:

29.12.1 exclude any amounts incurred or to be incurred as a result of any failure of Project Co (or any Project Co Party) to comply with this Clause [ REF \_Ref321241702 \r \h \\* MERGEFORMAT ]; and

29.12.2 be reduced by any amount which Project Co has recovered or will recover under any insurance policy (or would have recovered if it had complied with the requirements of this Agreement or of any policy of insurance required under this Agreement) which amount, to avoid doubt, shall not include any excess or deductibles or any amount over the maximum amount insured applicable to any such insurance policy.

29.13 The amount of any compensation due to Project Co under Clause [ REF \_Ref321241090 \r \h ] shall be agreed between the parties or, failing agreement, determined pursuant to Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*) and such compensation shall be payable:

29.13.1 in respect of compensation for a Compensation Event to the extent resulting in Capital Expenditure being incurred the Authority shall compensate Project Co for the actual Capital Expenditure incurred by Project Co within twenty (20) Business Days of its receipt of a written demand accompanied by a valid VAT invoice for the same by Project Co supported by all relevant information; and

29.13.2 in all other cases in accordance with Section [ REF SchedulePart16Section6 \h \\* MERGEFORMAT ] (*Changing the Financial Model*) of Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) as if a Relevant Event had taken place.

## 30 RELIEF EVENTS

30.1 For the purposes of this Agreement, subject to Clause [ REF \_Ref321241785 \r \h ], Relief Events mean any of the following events:

30.1.1 fire, explosion, lightning, storm, tempest, flood, bursting or overflowing of water tanks, apparatus or pipes, ionising radiation (to the extent it does not constitute Force Majeure), earthquake, riot or civil commotion;

30.1.2 failure by any statutory undertaker, utility company, local authority or other like body to carry out works or provide services;



- 30.1.3 accidental loss or damage to the Works and/or Facilities or any roads servicing the same;
- 30.1.4 without prejudice to any obligation of Project Co to provide stand-by power facilities in accordance with the Authority's Construction Requirements, the Service Level Specification, failure or shortage of power, fuel or transport;
- 30.1.5 blockade or embargo falling short of Force Majeure;
- 30.1.6 the discovery of fossils, antiquities and human remains requiring action in accordance with Clause [ REF \_Ref321241801 \r \h \\* MERGEFORMAT ] (*Fossils and Antiquities*); or
- 30.1.7 official or unofficial strike, lockout, go slow or other dispute in each case generally affecting the construction, building maintenance or facilities management industry (or a significant sector of that industry),

provided in each case that such event does not arise (directly or indirectly) as a result of any wilful act or default of the party claiming relief and/or (i) in the case of Project Co claiming relief, any Project Co Party and (ii) in the case of the Authority claiming relief, any Authority Party.

- 30.2 Subject to Clauses [ REF \_Ref321241817 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321241785 \r \h \\* MERGEFORMAT ], no right of termination shall arise under this Agreement by reason of any failure by a party to perform any of its obligations under this Agreement to the extent that such failure to perform occurs because of the occurrence of a Relief Event (and, to avoid doubt, and without prejudice to Clause [ REF \_Ref321241873 \r \h \\* MERGEFORMAT ], unless expressly stated to the contrary in this Agreement, it is acknowledged that all other rights and obligations of the parties under this Agreement remain unaffected by the occurrence of a Relief Event).
- 30.3 Without prejudice to Project Co's rights under Clause [ REF \_Ref321241885 \r \h \\* MERGEFORMAT ] (Delay Events), Project Co shall only be relieved of its obligations under Clauses [ REF \_Ref321241914 \r \h \\* MERGEFORMAT ] (*The Design, Construction and Commissioning Process*), [ REF \_Ref321241968 \r \h \\* MERGEFORMAT ] (*Right of Access of Authority's Representative*), [ REF \_Ref321241929 \r \h \\* MERGEFORMAT ] (*Programme and Dates for Completion*), [ REF \_Ref321241949 \r \h \\* MERGEFORMAT ] (*Pre-Completion Commissioning and Completion*) and [ REF \_Ref321241885 \r \h \\* MERGEFORMAT ] (*Delay Events*) by Delay Events in accordance with Clause [ REF \_Ref321241885 \r \h \\* MERGEFORMAT ] (*Delay Events*).

### **Mitigation**

- 30.4 Where a party is (or claims to be) affected by a Relief Event:

- 30.4.1 it shall take all reasonable steps to mitigate the consequences of such an event upon the performance of its obligations under this Agreement, resume performance of its obligations affected by the Relief Event as soon as practicable and use all reasonable endeavours to remedy its failure to perform; and
- 30.4.2 it shall not be entitled to rely upon the relief afforded to it pursuant to Clause [ REF\_Ref321241997 \r \h \\* MERGEFORMAT ] of this Agreement to the extent that it is not able to perform, or has not in fact performed, its obligations under this Agreement due to its failure (if any) to comply with its obligations under Clause [ REF\_Ref321242013 \r \h \\* MERGEFORMAT ] above.
- 30.5 The party claiming relief shall serve written notice on the other party within five (5) Business Days of it becoming aware of the relevant Relief Event. Such initial notice shall give sufficient details to identify the particular event claimed to be a Relief Event.
- 30.6 A subsequent written notice shall be served by the party claiming relief on the other party within a further five (5) Business Days of the notice referred to in Clause [ REF\_Ref321242028 \r \h \\* MERGEFORMAT ] which shall contain such relevant information relating to the failure to perform (or delay in performing) as is available, including (without limitation) the effect of the Relief Event on the ability of the party to perform, the action being taken in accordance with Clause [ REF\_Ref321241785 \r \h \\* MERGEFORMAT ], the date of the occurrence of the Relief Event and an estimate of the period of time required to overcome it (and/or its effects).
- 30.7 The party claiming relief shall notify the other as soon as the consequences of the Relief Event have ceased and of when performance of its affected obligations can be resumed.
- 30.8 If, following the issue of any notice referred to in Clause [ REF\_Ref321242073 \r \h \\* MERGEFORMAT ], the party claiming relief receives or becomes aware of any further information relating to the Relief Event (and/or any failure to perform), it shall submit such further information to the other party as soon as reasonably possible.
- 30.9 To avoid doubt, the occurrence of a Relief Event shall not entitle Project Co to any compensation.

## 31 **FORCE MAJEURE**

- 31.1 For the purposes of this Agreement, Force Majeure means any of the following events or circumstances:

31.1.1 war, civil war, armed conflict or terrorism; or

- 31.1.2 nuclear contamination unless in any case Project Co and/or any Project Co Party is the source or the cause of the contamination; or
- 31.1.3 chemical or biological contamination of the Works and/or the Facilities and/or the Site from any of the events referred to in Clause [ REF \_Ref321242093 \r \h \\* MERGEFORMAT ] above; or
- 31.1.4 pressure waves caused by devices travelling at supersonic speeds,

which directly causes either party to be unable to comply with all or a material part of its obligations under this Agreement.

- 31.2 Subject to Clauses [ REF \_Ref321242117 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321242139 \r \h \\* MERGEFORMAT ] the party claiming relief shall be relieved from liability under this Agreement to the extent that by reason of the Force Majeure it is not able to perform its obligations under this Agreement. For the avoidance of doubt (but without prejudice to Clause [ REF \_Ref321242157 \r \h \\* MERGEFORMAT ] (*Termination Resulting from Force Majeure*)) the Authority shall not be entitled to terminate this Agreement for a Project Co Event of Default if such Project Co Event of Default arises from a Force Majeure Event.
- 31.3 Where a party is (or claims to be) affected by an event of Force Majeure:
  - 31.3.1 it shall take all reasonable steps to mitigate the consequences of such an event upon the performance of its obligations under this Agreement, resume performance of its obligations affected by the event of Force Majeure as soon as practicable and use all reasonable endeavours to remedy its failure to perform; and
  - 31.3.2 it shall not be relieved from liability under this Agreement to the extent that it is not able to perform, or has not in fact performed, its obligations under this Agreement due to its failure (if any) to comply with its obligations under Clause [ REF \_Ref321242176 \r \h ].
- 31.4 Without prejudice to Project Co's rights under Clause [ REF \_Ref321242187 \r \h \\* MERGEFORMAT ] (*Delay Events*), Project Co shall only be relieved from its obligations under Clauses [ REF \_Ref321242216 \r \h \\* MERGEFORMAT ] (*The Design, Construction and Commissioning Process*), [ REF \_Ref321242235 \r \h \\* MERGEFORMAT ] (*Right of Access of Authority's Representative*), [ REF \_Ref321242247 \r \h \\* MERGEFORMAT ] (*Programme and Dates for Completion*) and [ REF \_Ref321242187 \r \h \\* MERGEFORMAT ] (*Delay Events*) by Delay Events in accordance with Clause [ REF \_Ref321242187 \r \h \\* MERGEFORMAT ] (*Delay Events*).
- 31.5 The party claiming relief shall serve written notice on the other party within five (5) Business Days of it becoming aware of the relevant event of Force Majeure. Such initial notice shall give sufficient details to identify the particular event claimed to be an event of Force Majeure.

- 31.6 A subsequent written notice shall be served by the party claiming relief on the other party within a further five (5) Business Days which shall contain such relevant information relating to the failure to perform (or delay in performing) as is available, including (without limitation) the effect of the event of Force Majeure on the ability of the party to perform, the action being taken in accordance with Clause [ REF \_Ref321242117 \r \h \\* MERGEFORMAT ], the date of the occurrence of the event of Force Majeure and an estimate of the period of time required to overcome it (and/or its effects).
- 31.7 The party claiming relief shall notify the other as soon as the consequences of the event of Force Majeure have ceased and of when performance of its affected obligations can be resumed.
- 31.8 If, following the issue of any notice referred to in Clause [ REF \_Ref321242285 \r \h \\* MERGEFORMAT ], the party claiming relief receives or becomes aware of any further information relating to the event of Force Majeure (and/or any failure to perform), it shall submit such further information to the other party as soon as reasonably possible.
- 31.9 Nothing in this Clause [ REF \_Ref321242302 \r \h \\* MERGEFORMAT ] shall affect the Authority's entitlement to make Deductions in the period during which any event of Force Majeure is subsisting.
- 31.10 The parties shall endeavour to agree any modifications to this Agreement which may be equitable having regard to the nature of an event or events of Force Majeure. Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*) shall not apply to a failure of the Authority and Project Co to reach agreement pursuant to this Clause [ REF \_Ref321242321 \r \h \\* MERGEFORMAT ].

## PART 8: CHANGES IN LAW & CHANGES

### 32 CHANGES IN LAW

#### General

- 32.1 Project Co shall take all steps necessary to ensure that the Project Operations are performed in accordance with the terms of this Agreement (including, without limitation, Clause [ REF \_Ref321242345 \r \h \\* MERGEFORMAT ]) following any Change in Law.

#### Relevant Changes in Law

- 32.2 Subject to Clause [ REF \_Ref321242402 \r \h \\* MERGEFORMAT ] and Clause [ REF \_Ref321242433 \r \h \\* MERGEFORMAT ] and on the occurrence of any Relevant Change in Law, the parties shall be entitled to seek adjustments to the Annual Service Payments to compensate for any increase or decrease (as the case may be) in the net cost to Project Co of performing the Project Operations. Such adjustments (if any) will be calculated in accordance with and subject to Clause [ REF \_Ref321242459 \r \h \\* MERGEFORMAT ].

- 32.3 Relevant Change in Law means any of the following:

32.3.1 the occurrence of any Discriminatory Change in Law having an impact on the cost of performance of the Project Operations;

32.3.2 the occurrence of any Specific Change in Law having an impact on the cost of performance of the Project Operations; or

32.3.3 the occurrence, after the relevant date, of any Change in Law which requires any work of alteration, addition, demolition or extension or variation in the quality or function of the Facilities which is not Maintenance Work or work which Project Co would otherwise be required to undertake to comply with its obligations under this Agreement. For the purposes of this Clause [ REF \_Ref321242472 \r \h \\* MERGEFORMAT ], the relevant date shall [in respect of a Phase] be the later to occur of the Completion Date [Phase Completion Date] and the Actual Completion Date [Phase Actual Completion Date], save where the Actual Completion Date [Phase Actual Completion Date] is delayed by a Compensation Event, a Delay Event referred to in Clause [ REF \_Ref321241490 \r \h \\* MERGEFORMAT ] or by a Delay Event referred to in Clause [ REF \_Ref321240680 \r \h \\* MERGEFORMAT ], in which case the relevant date shall be the later to occur of the Completion Date [Phase Completion Date] and the date on which the Works [relating to the relevant Phase] would have been completed in accordance with this Agreement had the relevant Compensation Event or Delay Event not occurred,

provided that:

- (a) such Change in Law was not reasonably foreseeable at the date of this Agreement by an experienced contractor performing operations similar to the relevant the Project Operations, on the basis of draft bills published in Government green or white papers or other Government departmental consultation papers, bills, draft statutory instruments or draft instruments or proposals published in the Official Journal of the European Union, in each case published:
  - (i) prior to the date of this Agreement; and
  - (ii) in substantially the same form or having substantially the same effect as the Relevant Change in Law; and
- (b) a Change in Law relating to the application for, coming into effect, terms, implementation, repeal, revocation or otherwise of any Planning Permission shall not constitute a Relevant Change in Law.

32.4 On the occurrence of a Relevant Change in Law:

- 32.4.1 either party may give notice to the other of the occurrence of the Relevant Change in Law;
- 32.4.2 the parties shall meet within [ ] Business Days of the notice referred to in Clause [ REF \_Ref321242536 \r \h \\* MERGEFORMAT ] to consult and seek to agree the effect of the Relevant Change in Law. If the parties, within [ ] Business Days of this meeting, have not agreed the occurrence or the effect of the Relevant Change in Law, either party may refer the question of whether a Relevant Change in Law has occurred or the effect of any Relevant Change in Law for resolution in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*); and
- 32.4.3 within [ ] Business Days of the agreement or determination referred to in Clause [ REF \_Ref321242556 \r \h \\* MERGEFORMAT ] above, the Authority's Representative shall issue an Authority Change Notice and the relevant provisions of Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) shall apply except that:
  - (a) Project Co may give notice to the Authority's Representative that it objects to such an Authority Change Notice only on the grounds that the implementation of the Change would not give effect to or comply with the Relevant Change in Law;
  - (b) the Authority shall (i) agree the implementation of the Low Value Change, or (ii) confirm the estimate for the Medium Value Change, or (iii) approve the High Value Change Stage 2 Submission, (as appropriate) in respect of the Change in

accordance with the relevant provisions of Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

- (c) the provisions of Clause [ REF \_Ref321325544 \w \h \\* MERGEFORMAT ] (*Consents and Planning Approval*) shall apply;
- (d) the Authority shall not be entitled to withdraw any Authority Change Notice or its agreement as to the implementation of the Low Value Change, confirmation of an estimate for the Medium Value Change or approval of a High Value Change Stage 2 Submission (as appropriate), issued in accordance with this Clause [ REF \_Ref321242459 \r \h \\* MERGEFORMAT ];
- (e) Project Co shall, without prejudice to its general obligation to comply with the terms of this Agreement:
  - (i) use all reasonable endeavours to mitigate the adverse effects of any Relevant Change in Law and take all reasonable steps to minimise any increase in costs arising from such Relevant Change in Law; and
  - (ii) use all reasonable endeavours to take advantage of any positive or beneficial effects of any Relevant Change in Law and take all reasonable steps to maximise any reduction in costs arising from such Relevant Change in Law; and
- (f) any compensation payable, or reduction to the Annual Service Payments, shall be calculated in accordance with the relevant provisions of Schedule Part [ REF SchedulePart16 \h ] (*Change Protocol*) provided that:
  - (i) the amount of any compensation payable; or
  - (ii) the amount by which the Annual Service Payment is to be reduced,

shall not take into account any amounts incurred or to be incurred as a result of Project Co's failure to comply with Clause [ REF \_Ref321242625 \r \h \\* MERGEFORMAT ][ REF \_Ref321242402 \r \h \\* MERGEFORMAT ] above.

### **General Change in Law**

- 32.5 Either party may give notice to the other of the need for a Change which is necessary in order to enable Project Co to comply with any Change in Law which is not a Relevant Change in Law, in which event:

- 32.5.1 the parties shall meet within [ ] Business Days to consult and seek to agree the effect of the Change in Law and any Change required as a consequence. If the parties, within [ ] Business Days of this meeting, have not agreed the occurrence or the effect of the relevant Change in Law, either party may refer the question of whether a Change in Law has occurred or the effect of the Change in Law for resolution in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*); and
- 32.5.2 within [ ] Business Days of the agreement or determination referred to in Clause [ REF \_Ref321242653 \r \h \\* MERGEFORMAT ] above the Authority's Representative shall, if it is agreed or determined that a Change is required in order to comply with the Change in Law, issue an Authority Change Notice and the relevant provisions of Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) shall apply except that:
- (a) Project Co may give notice to the Authority's Representative that it objects to such an Authority Change Notice only on the grounds that the implementation of the Change would not give effect to or comply with the Change in Law;
  - (b) the Authority shall (i) agree the implementation of the Low Value Change; or (ii) confirm the estimate for the Medium Value Change; or (iii) approve the High Value Change Stage 2 Submission, (as appropriate) in respect of the Change in accordance with the relevant provisions of Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);
  - (c) the provisions of Clause [ REF \_Ref321242682 \r \h \\* MERGEFORMAT ] (*Consents and Planning Approval*) shall apply;
  - (d) the Authority shall not be entitled to withdraw any Authority Change Notice or its (i) agreement as to the implementation of the Low Value Change; or (ii) confirmation of an estimate for the Medium Value Change; or (iii) approval of a High Value Change Stage 2 Submission (as appropriate), issued in accordance with this Clause [ REF \_Ref321242698 \r \h \\* MERGEFORMAT ] (*General Changes in Law*); and
  - (e) Project Co shall not be entitled to any payment or other compensation or relief from any performance of its obligations under this Agreement in respect of such Change in Law or associated Change (or the consequences of either).

### 33 CHANGE PROTOCOL

The provisions of Schedule Part [ REF SchedulePart16 \h ] (*Change Protocol*) shall have effect in respect of Changes except as otherwise expressly provided in this Agreement.



## PART 9: FINANCIAL

### 34 PAYMENT

#### Service Payments

- 34.1 Project Co shall not be entitled to receive any Monthly Service Payments until the Payment Commencement Date [Payment Commencement Date 1]. Subject to the provisions of this Agreement, the Authority shall pay Project Co the Monthly Service Payments in respect of each Contract Month following the Payment Commencement Date [Payment Commencement Date 1] in accordance with the provisions of Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*).

#### Invoicing and payment arrangements

- 34.2 The provisions of this Clause [ REF \_Ref321242719 \r \h \\* MERGEFORMAT ] apply to the issue of invoices by Project Co under this Agreement:

- 34.2.1 On or before the [ ] day of each Contract Month Project Co shall submit to the Authority an invoice ("**Monthly Invoice**") aggregating the following:

- (a) the Monthly Service Payment for that Contract Month, calculated in accordance with Section [ REF SchedulePart14Section2 \h \\* MERGEFORMAT ] (*Calculation of Service Payments*) of Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*);
- (b) adjustments to reflect previous over-payments and/or under-payments (each adjusted stated separately);
- (c) any other amounts due by one party to the other (and where owed by Project Co showing as a negative figure);
- (d) any VAT payable in respect of the above amounts;
- (e) any amounts owed to Project Co to take account of an Equal Pay Adjustment in accordance with Clause [ REF \_Ref326760350 \r \h ];
- (f) as a negative figure, in respect of the Monthly Invoice issued during the final Contract Month only, an amount equivalent to twice the monthly average of the Deductions incurred in the previous six Contract Months ("**Estimated Deductions**"),

and setting out the date of the invoice, the due date for payment of the invoice and the account to which payment is to be made together with supporting information that clearly sets out the derivation and calculation of amounts referred to in the Monthly Invoice.

- 34.2.2 Subject to Clauses [ REF \_Ref321242739 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321242751 \r \h \\* MERGEFORMAT ] and the submission of the supporting information referred to in Clause [ REF \_Ref321242768 \r \h \\* MERGEFORMAT ], where a Monthly Invoice shows a net amount owed by the Authority to Project Co, the Authority shall pay the amount of the Monthly Invoice within [ ] Business Days of its submission and delivery of a valid VAT invoice in respect thereof. Where a Monthly Invoice shows a net amount owed by Project Co to the Authority, Project Co shall pay that amount to the Authority within [ ] Business Days of the Monthly Invoice or, at the option of the Authority, carry forward that amount to the next Monthly Invoice to reduce amounts which would otherwise be owed by the Authority to Project Co.
- 34.2.3 Within 10 Business Days of the Expiry Date, Project Co shall provide to the Authority a Performance Monitoring Report in respect of the final two Contract Months. If the Deductions incurred in the final two Contract Months exceed the Estimated Deductions, Project Co shall pay to the Authority an amount equal to the excess within [ ] Business Days of receipt of an invoice therefor. If the Estimated Deductions exceed the Deductions incurred in the final two Contract Months the Authority shall pay to Project Co an amount equal to the excess within [ ] Business Days of receipt of an invoice therefor.
- 34.2.4 On or before the [ ] day of each Contract Month Project Co shall submit to the Authority a Monthly Service Report in respect of the immediately preceding Contract Month. The Monthly Service Report shall set out, in respect of the immediately preceding Contract Month:
- (a) details of each and the aggregate amount of all Deductions incurred in relation to Performance Failures;
  - (b) details of each and the aggregate amount of all Deductions incurred in relation to Availability Failures;
  - (c) other information detailed in Schedule Part [ REF SchedulePart12 \h \\* MERGEFORMAT ] (*Service Requirements*).
- 34.2.5 The parties shall endeavour to agree the contents of a Monthly Service Report within ten (10) Business Days of its submission in accordance with Clause [ REF \_Ref321242791 \r \h \\* MERGEFORMAT ], failing which either party may refer the matter to the Dispute Resolution Procedure.

#### **Manner of payment**

- 34.3 All payments under this Agreement shall be made in pounds sterling by [electronic transfer of funds for value on the day in question] to the bank account of the recipient (located in the United Kingdom) specified in the relevant invoice, quoting the invoice number against which payment is made.

### **Disputes**

- 34.4 If the Authority (acting in good faith) disputes all or any part of the Monthly Service Payments calculated in accordance with Clause [ REF \_Ref321242719 \r \h \\* MERGEFORMAT ] (*Invoicing and Payment Arrangements*), the undisputed amount of the Monthly Service Payment shall be paid by the Authority in accordance with Clause [ REF \_Ref321242719 \r \h \\* MERGEFORMAT ] (*Invoicing and Payment Arrangements*) and the provisions of this Clause [ REF \_Ref321242862 \r \h \\* MERGEFORMAT ] shall apply. The parties shall use all reasonable endeavours to resolve the dispute in question within [ ] Business Days of the dispute arising. If they fail so to resolve it, either party may refer the matter to the Dispute Resolution Procedure. Following resolution of the dispute, any amount agreed or determined to have been payable shall be paid forthwith by the Authority to Project Co, together with interest on such amount calculated in accordance with Clause [ REF \_Ref321242879 \r \h \\* MERGEFORMAT ] (*Late Payments*).

### **Late Payments**

- 34.5 Each party shall be entitled, without prejudice to any other right or remedy, to receive interest on any payment not duly made pursuant to the terms of this Agreement on the due date calculated from day to day at a rate per annum equal to the Default Interest Rate and including from the day after the date on which payment was due up to and including the date of payment.

### **Set-Off**

- 34.6 Subject to Clause [ REF \_Ref321243528 \r \h \\* MERGEFORMAT ], whenever any sum of money shall be agreed, or determined, as due and payable by Project Co to the Authority, such sum may at the Authority's discretion be deducted from or applied to reduce the amount of any sum then due, or which at any time afterwards may become due, to Project Co from the Authority under this Agreement provided that the Authority has given Project Co not less than [ ] Business Days' notice of its intention to deduct or apply such sum.
- 34.7 Whenever any sum of money shall be agreed, or determined, as due and payable by the Authority to Project Co, such sum may at Project Co's discretion be deducted from or applied to reduce the amount of any sum then due, or which at any time afterwards may become due, from Project Co to the Authority under this Agreement provided that Project Co has given the Authority not less than [ ] Business Days' notice of its intention to deduct or apply such sum.

## **35 VAT AND CONSTRUCTION INDUSTRY TAX DEDUCTION SCHEME**

### **VAT**

- 35.1 All amounts stated to be payable by either party under this Agreement shall be exclusive of any VAT properly chargeable on any amount.
- 35.2 Each party shall pay to the other party any VAT properly chargeable on any supply made to it under this Agreement provided that it shall first have received from the other party a valid tax invoice in respect of that supply which complies with the requirements of Part III VAT Regulations 1995.
- 35.3 If either party (referred to in this Clause as the "**First Party**") shall consider that any VAT which the other party (referred to in this Clause as the "**Second Party**") claims to be properly chargeable to the First Party in connection with this Agreement is not in fact properly so chargeable, the First Party shall be entitled to require the Second Party to obtain a ruling from the Commissioners for Customs and Excise (or, if relevant, such other body as is charged at the time with the collection and management of VAT) (referred to in this Clause as the "**Commissioners**") as to the VAT (if any) properly so chargeable. The Second Party shall forthwith request the Commissioners for such a ruling.
- 35.4 The following further provisions shall apply in respect of the application for a ruling in accordance with Clause [ REF \_Ref321243552 \r \h \\* MERGEFORMAT ]:
- 35.4.1 prior to submitting its request for such a ruling and any further communication to the Commissioners in connection with the obtaining of the ruling, the Second Party shall first obtain the agreement of the First Party to the contents of such request and any such further communication, such agreement not to be unreasonably withheld or delayed;
- 35.4.2 the Second Party shall provide to the First Party copies of all communications received from the Commissioners in connection with the application for a ruling as soon as practicable after receipt; and
- 35.4.3 the Second Party shall use all reasonable endeavours (including without limitation the provision of such additional information as the Commissioners may require) to obtain such a ruling as soon as reasonably practicable following the initial request.
- 35.5 If a ruling is required by the First Party under Clause [ REF \_Ref321243552 \r \h \\* MERGEFORMAT ], the First Party shall not be obliged to pay the VAT so claimed by the Second Party unless and until a ruling is received from the Commissioners which states that a sum of VAT (the "**VAT Sum**") is properly so chargeable or the Commissioners state that they are not prepared to give any ruling on the matter. In this case, then subject to Clauses [ REF \_Ref321243580 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321243593 \r \h \\* MERGEFORMAT ] and provided that the First Party shall first have received a valid tax invoice which complies with the requirements of Part III VAT Regulations 1995 and which states the VAT Sum to be the amount of VAT chargeable to the First Party, the First Party shall pay the VAT Sum (and any interest or penalties attributable to the VAT Sum) to the Second Party.

- 35.6 If the First Party disagrees with any ruling obtained pursuant to Clause [ REF \_Ref321243552 \r \h \\* MERGEFORMAT ] by the Second Party from the Commissioners, then the Second Party (provided that it is indemnified to its reasonable satisfaction against all costs and expenses including interest and penalties which it may incur in relation thereto) shall take such action and give such information and assistance to the First Party as the First Party may require to challenge such ruling or otherwise to resist or avoid the imposition of VAT on the relevant supply.
- 35.7 The following further provisions shall apply if the First Party shall exercise its rights under Clause [ REF \_Ref321243580 \r \h \\* MERGEFORMAT ]:
- 35.7.1 the action which the First Party shall be entitled to require the Second Party to take shall include (without limitation) contesting any assessment to VAT or other relevant determination of the Commissioners before any VAT tribunal or court of competent jurisdiction and appealing any judgement or decision of any such tribunal or court;
- 35.7.2 if the Second Party shall be required to pay to or deposit with the Commissioners a sum equal to the VAT assessed as a condition precedent to its pursuing any appeal, the First Party shall, at its election, either pay such sum to the Commissioners on behalf of the Second Party or on receipt of proof in a form reasonably satisfactory to the First Party that the Second Party has paid such sum to or deposited such sum with the Commissioners the First Party shall pay such sum to the Second Party;
- 35.7.3 save as specifically provided in Clause [ REF \_Ref321243637 \r \h \\* MERGEFORMAT ], the First Party shall not be obliged to pay to the Second Party any sum in respect of the VAT in dispute to the Second Party or in respect of VAT on any further supplies made by the Second Party to the First Party which are of the same type and raise the same issues as the supplies which are the subject of the relevant dispute unless and until the final outcome of the relevant dispute is that it is either determined or agreed that VAT is properly chargeable on the relevant supply or supplies; and
- 35.7.4 the Second Party shall account to the First Party for any costs awarded to the Second Party on any appeal, for any sum paid to or deposited with the Commissioners in accordance with Clause [ REF \_Ref321243652 \r \h \\* MERGEFORMAT ] which is repayable to the Second Party and for any interest to which the Second Party is entitled in respect of such sums.

#### **Changes in recoverability of VAT**

- 35.8 Subject to Clause [ REF \_Ref321243669 \r \h \\* MERGEFORMAT ], if, following a Change in Law, Project Co becomes unable to recover VAT attributable to supplies to be made to the Authority by Project Co pursuant to this Agreement, the Authority shall ensure that Project Co is left in no better and no worse position than it would have been had such Change in Law not occurred (including but not limited to making such amendments to this Agreement as Project Co and the Authority shall agree acting reasonably), provided that Project Co shall use all

reasonable endeavours to mitigate the adverse effects of any such Change in Law.

35.9 The provisions of Clause [ REF \_Ref321243685 \r \h \\* MERGEFORMAT ] shall apply only if (and to the extent that) the Change in Law was not reasonably foreseeable at the date of this Agreement by an experienced contractor performing operations similar to the relevant Works on the basis of draft bills published in Government green or white papers or other Government departmental consultation papers, bills, draft statutory instruments or draft instruments or proposals published in the Official Journal of the European Union, in each case published:

35.9.1 prior to the date of this Agreement; and

35.9.2 in substantially the same form as the Change in Law.

### **Construction Industry Tax Deduction Scheme**

35.10 This Clause [ REF \_Ref321243705 \r \h \\* MERGEFORMAT ] (*Construction Industry Tax Deduction Scheme*) relates to the Construction Industry Tax Deduction Scheme:

35.10.1 In this Clause [ REF \_Ref321243705 \r \h \\* MERGEFORMAT ] (*Construction Industry Tax Deduction Scheme*) (but not otherwise):

- (a) **"the Act"** means the Finance Act 2004;
- (b) **"the Regulations"** means the Income Tax (Construction Industry Scheme) Regulations 2005 (SI 2005/2045);
- (c) **"the Legislation"** means Chapter 3 Part 3 of the Act and the Regulations, taken together;
- (d) **"Contractor"** means a person who is a contractor for the purposes of Chapter 3 Part 3 of the Act; and
- (e) **"sub-contractor"** means a person who is a sub-contractor for the purposes of Chapter 3 Part 3 of the Act.

35.10.2 Each of the Authority and Project Co shall comply with the Legislation.

35.10.3 If any payment due from the Authority to Project Co under this Agreement is a contract payment under section 60(1) of the Act, then the Authority, as Contractor, shall (not later than fifteen (15) Business days before the first such payment is due to be made) verify, in accordance with paragraph 6 of the Regulations, whether the sub-contractor is

registered for gross payment or for payment under deduction or is not registered under Chapter 3 Part 3 of the Act.

35.10.4 If any payment due from the Authority to Project Co under this Agreement is a contract payment under section 60(1) of the Act, then:

(a) if Project Co is registered for gross payment under section 63(2) of the Act, the Authority shall make a payment to Project Co without any deduction;

(b) if Project Co is not registered for gross payments under section 63(2) of the Act, the Authority shall make a payment to Project Co, subject to the deduction of the relevant percentage in accordance with section 61(1) of the Act, and thereupon Clause [ REF \_Ref321243735 \r \h \\* MERGEFORMAT ] below shall apply.

35.10.5 If any dispute arises between the Authority and Project Co as to whether any payment due by the Authority to Project Co under this Agreement is or is not a contract payment by virtue of the exemption in Regulation 23 of the Regulations, the parties will jointly apply to HM Revenue and Customs for a written ruling and until such ruling is received it shall be assumed that such payment is a contract payment and the provisions of Clause [ REF \_Ref321243705 \r \h \\* MERGEFORMAT ] (*Construction Industry Tax Deduction Scheme*) shall apply accordingly.

35.10.6 The Authority shall be entitled to make a deduction at the rate specified in section 61(1) of the Act or at such other rate as may be in force from time to time from the whole of any payment to Project Co (and not just that part of such payment which does not represent the direct cost to Project Co or any other person of materials used or to be used in carrying out the construction operations to which the relevant payment relates) unless prior to making such payment the Authority shall have received written confirmation from HM Revenue and Customs (obtained by and at the expense of Project Co) in a form which is reasonably satisfactory to the Authority directing the Authority to make the deduction against only a specified amount or proportion of any such payment to Project Co.

35.10.7 Where any error or omission has occurred in calculating or making any payment under this Clause [ REF \_Ref321243705 \r \h \\* MERGEFORMAT ] (*Construction Industry Tax Deduction Scheme*) then:

(a) in the case of an over deduction, the Authority shall correct that error by repayment of the sum over deducted to Project Co; and

(b) in the case of an under deduction, Project Co shall correct that error or omission by repayment of the sum under deducted to the Authority.

35.10.8 The Authority shall send promptly to H M Revenue & Customs any returns required by the Legislation, and shall provide to Project Co a payment statement (where appropriate) and/or such other information as may be required by the Legislation in relation to any contract payment.

35.10.9 If compliance with this Clause [ REF \_Ref321243705 \r \h \\* MERGEFORMAT ] involves the Authority or Project Co in not complying with any other of the terms of this Agreement, then the provisions of this Clause shall prevail.

## 36 PAYMENT OF SURPLUSES AND COMPLIANCE WITH NPD REQUIREMENTS

Project Co shall:

36.1 subject to the provisos, obligations and restrictions referred to in Article [3.1.2] of the Articles of Association and the right to postpone payments referred to in Article [3.2] of the Articles of Association, pay to the Authority (or to such other party as the Authority may, in its absolute discretion direct), within 30 Business Days of each Surplus Payment Date, the Surplus available as at the relevant Surplus Payment Date as a rebate of the Monthly Service Payments for the Contract Year most recently ended prior to the relevant Surplus Payment Date; and

36.2 comply with the NPD Requirements at all times throughout the Project Term.

## 37 FINANCIAL MODEL

37.1 Unless otherwise agreed between the parties, any amendments to the Financial Model shall reflect, be consistent with and be made only in accordance with the provisions of this Agreement, and shall in all cases be subject to the prior written approval of the Authority (such approval not to be unreasonably withheld or delayed). In the event that the parties fail to agree any proposed amendments to the Financial Model, the matter shall be referred for resolution in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*).

37.2 Following any amendment of the Financial Model in accordance with this Agreement, Project Co shall promptly deliver a copy of the revised Financial Model to the Authority in the same form as the original form (or such other form as may be agreed by the parties from time to time).

## 38 RECORDS AND OPEN BOOK ACCOUNTING

### Records and Reports

The provisions of Schedule Part [ REF SchedulePart19 \h ] (*Record Provisions*) shall apply to the keeping of records and the making of reports.



## PART 10: TERMINATION

### 39 AUTHORITY EVENTS OF DEFAULT

- 39.1 For the purposes of this Agreement, Authority Events of Default means any of the following events or circumstances:
- 39.1.1 the Authority is in material breach of its obligations under Clause [ REF \_Ref321243783 \r \h \\* MERGEFORMAT ] (*Nature of Land Interests*) (other than as a consequence of a breach by Project Co of its obligations under this Agreement) and such breach materially adversely affects the ability of Project Co to perform its material obligations under this Agreement for a continuous period of not less than thirty (30) Business Days; or
  - 39.1.2 the Authority fails to pay any sum or sums due to Project Co under this Agreement (which sums are not in dispute) which, either singly or in aggregate, exceed(s) the amount of the Monthly Service Payment from time to time and such failure continues for thirty (30) Business Days from receipt by the Authority of a notice of non payment from Project Co; or
  - 39.1.3 the Authority is in breach of its obligations under Clause [ REF \_Ref321243825 \w \h \\* MERGEFORMAT ].

#### Project Co's options

- 39.2 On the occurrence of an Authority Event of Default, or within a reasonable time after Project Co becomes aware of the same, and while the same is still subsisting, Project Co may, at its option:
- 39.2.1 in respect of execution of the Works, suspend performance by it of its obligations under this Agreement until such time as the Authority shall have demonstrated to the reasonable satisfaction of Project Co that it is capable of performing, and will perform, its obligations under this Agreement; or
  - 39.2.2 serve notice on the Authority (or such other party as may be notified in advance in writing by the Authority to Project Co) of the occurrence (and specifying details) of such Authority Event of Default. If the relevant matter or circumstance has not been rectified or remedied by the Authority (or otherwise) in respect of Clause [ REF \_Ref321243979 \w \h \\* MERGEFORMAT ], or Clause [ REF \_Ref321243992 \w \h \\* MERGEFORMAT ] within sixty (60) Business Days of such notice, and in respect of Clause [ REF \_Ref321244019 \w \h \\* MERGEFORMAT ] within thirty (30) Business Days of such notice, Project Co may serve a further notice on the Authority (or its substitute notified in accordance with this Clause [ REF \_Ref321244034 \w \h \\* MERGEFORMAT ]) terminating this Agreement with immediate effect.

39.3 Project Co shall not exercise or purport to exercise any right to terminate this Agreement (or accept any repudiation of this Agreement) except as expressly set out in this Agreement.

#### 40 PROJECT CO EVENT OF DEFAULT

##### Project Co Event of Default

40.1 For the purposes of this Agreement, Project Co Event of Default means any of the following events or circumstances:

##### Insolvency

40.1.1 the occurrence of any of the following events in respect of Project Co, namely:

- (a) any arrangement or composition with or for the benefit of creditors (including any voluntary arrangement as defined in the Insolvency Act 1986) being entered into by or in relation to Project Co;
- (b) a receiver, administrator, administrative receiver or other encumbrancer taking possession of or being appointed over, or any distress, execution or other process being levied or enforced (and not being discharged within ten (10) Business Days) upon, the whole or any material part of the assets of Project Co;
- (c) Project Co ceasing to carry on business;
- (d) a petition being presented (and not being discharged within twenty (20) Business Days), or a resolution being passed or an order being made for the administration or the winding up, bankruptcy or dissolution of Project Co; or
- (e) if Project Co shall suffer any event analogous to the events set out in Clauses [ REF \_Ref321244286 \r \h ][ REF \_Ref326592328 \r \h ] to [ REF \_Ref326592336 \r \h ] in any jurisdiction in which it is incorporated or resident];

##### Long stop

- 40.1.2 Project Co failing to achieve the Actual Completion Date [a Phase Actual Completion Date] within a period of [ ] after the Completion Date [relevant Phase Completion Date];

#### **Default**

40.1.3

- (a) Project Co committing a material breach of its obligations under this Agreement which has a material and adverse effect on the delivery of the Authority Services (other than as a consequence of a breach by the Authority of its obligations under this Agreement);
- (b) Project Co wilfully breaches Schedule Part [ REF SchedulePart23 \h \\* MERGEFORMAT ] (*Refinancing*);

- 40.1.4 Project Co abandoning this Agreement;

#### **Health and safety**

- 40.1.5 at any time after the Actual Completion Date [relevant Phase Actual Completion Date] Project Co committing a material breach of its obligations under this Agreement (other than as a consequence of a breach by the Authority of its obligations under this Agreement) which results in the criminal investigation, prosecution and conviction of Project Co or any Project Co Party or the Authority under the Health and Safety Regime (an "H&S Conviction") provided that an H&S Conviction of a Project Co Party or the Authority shall not constitute a Project Co Event of Default if, within ninety (90) Business Days from the date of the H&S Conviction (whether or not the H&S Conviction is subject to an appeal or any further judicial process), the involvement in the Project Operations of each relevant Project Co Party (which in the case of an individual director, officer or employee shall be deemed to include the Project Co Party of which that person is a director, officer or employee) is terminated and a replacement is appointed by Project Co in accordance with Clause [ REF \_Ref321244175 \w \h \\* MERGEFORMAT ] (Sub contracting);

In determining whether to exercise any right of termination or right to require the termination of the engagement of a Project Co Party pursuant to this Clause [ REF \_Ref321244190 \w \h \\* MERGEFORMAT ], the Authority shall:

- (a) act in a reasonable and proportionate manner having regard to such matters as the gravity of any offence and the identity of the person committing it; and

- (b) give all due consideration, where appropriate, to action other than termination of this Agreement;

#### **Change in Control**

- 40.1.6 the occurrence of any Change in Control which is prohibited by Clause [ REF \_Ref321244199 \w \h \\* MERGEFORMAT ] (*Ownership Information and Changes in Control*);

#### **Assignment**

- 40.1.7 Project Co failing to comply with the provisions of Clauses [ REF \_Ref321244212 \w \h \\* MERGEFORMAT ] or [ REF \_Ref321244175 \w \h \\* MERGEFORMAT ];

#### **Deductions**

- 40.1.8 in each of any three Contract Months in any six consecutive Contract Months Project Co has suffered Deductions equal to or greater than [ ] percent of the Annual Service Payment for the current Contract Year; or

#### **Warning Notices**

- 40.1.9 Project Co is awarded a total of [four] or more Warning Notices in any period of [12 consecutive months]; or

#### **Payment**

- 40.1.10 Project Co failing to pay any sum or sums due to the Authority under this Agreement (which sums are not in dispute) which, either singly or in aggregate, exceed(s) £[ ] (index linked) and such failure continues for sixty (60) Business Days from receipt by Project Co of a notice of non payment from the Authority; or

#### **Insurance**

- 40.1.11 a breach by Project Co of its obligation to take out and maintain the insurances required by Clauses [ REF \_Ref321244247 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321244274 \w \h \\* MERGEFORMAT ].

#### **Notification**

- 40.2 Project Co shall notify the Authority of the occurrence, and details, of any Project Co Event of Default and of any event or circumstance which is likely, with the

passage of time or otherwise, to constitute or give rise to a Project Co Event of Default, in either case promptly on Project Co becoming aware of its occurrence.

### Authority's options

- 40.3 On the occurrence of a Project Co Event of Default, or within a reasonable time after the Authority becomes aware of the same, and while the same is subsisting, the Authority may:
- 40.3.1 in the case of the Project Co Events of Default referred to in Clauses [ REF \_Ref321244286 \w \h \\* MERGEFORMAT ] (*Insolvency*), [ REF \_Ref326592379 \r \h ] (*Long Stop*), [ REF \_Ref321244316 \w \h \\* MERGEFORMAT ], [ REF \_Ref321244190 \w \h \\* MERGEFORMAT ] (*Health and Safety*), [ REF \_Ref321244347 \w \h \\* MERGEFORMAT ] (*Change in Control*), [ REF \_Ref321244358 \w \h \\* MERGEFORMAT ] (*Assignment*), [ REF \_Ref321244371 \w \h \\* MERGEFORMAT ] (*Deductions*) [ REF \_Ref321244383 \w \h \\* MERGEFORMAT ] (*Warning Notices*), or [ REF \_Ref321244396 \w \h \\* MERGEFORMAT ] (*Payment*), terminate this Agreement in its entirety by notice in writing having immediate effect;
- 40.3.2 in the case of any Project Co Event of Default referred to in Clause [ REF \_Ref321244410 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321244423 \w \h \\* MERGEFORMAT ], serve notice of default on Project Co requiring Project Co at Project Co's option either:
- (a) to remedy the Project Co Event of Default referred to in such notice of default (if the same is continuing) within twenty (20) Business Days of such notice of default; or
  - (b) to put forward within twenty (20) Business Days of such notice of default a reasonable programme (set out, if appropriate, in stages) for remedying the Project Co Event of Default. The programme shall specify in reasonable detail the manner in, and the latest date by, which such Project Co Event of Default is proposed to be remedied (Project Co shall only have the option of putting forward a programme in accordance with this Clause [ REF \_Ref321244440 \w \h ] if it first notifies the Authority within ten (10) Business Days of such notice of default that it proposes to do so); and
- 40.3.3 in the case of any Project Co Event of Default referred to in Clause [ REF \_Ref321244452 \w \h \\* MERGEFORMAT ] (*Insurance*) serve notice of default on Project Co requiring Project Co to remedy the Project Co Event of Default (if the same is continuing) within twenty (20) Business Days of such notice of default.

### Remedy provisions

40.4 Where Project Co puts forward a programme in accordance with Clause [ REF \_Ref321244440 \w \h ], the Authority shall have twenty (20) Business Days from receipt of the same within which to notify Project Co (acting reasonably) that it does not accept the programme, failing which the Authority shall be deemed to have accepted the programme. Where the Authority notifies Project Co that it does not accept the programme as being reasonable, the parties shall endeavour within the following five (5) Business Days to agree any necessary amendments to the programme put forward. In the absence of agreement within five (5) Business Days, the question of whether the programme (as the same may have been amended by agreement) will remedy the Project Co Event of Default in a reasonable manner and within a reasonable time period (and, if not, what would be a reasonable programme) may be referred by either party for resolution in accordance with Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*).

40.5 If:

40.5.1 the Project Co Event of Default notified in a notice of default served under Clause [ REF \_Ref321244501 \w \h \\* MERGEFORMAT ] or Clause [ REF \_Ref321244516 \w \h \\* MERGEFORMAT ] (as the case may be) is not remedied before the expiry of the period referred to in Clause [ REF \_Ref321244532 \w \h \\* MERGEFORMAT ] or Clause [ REF \_Ref321244516 \w \h \\* MERGEFORMAT ] (as appropriate); or

40.5.2 where Project Co puts forward a programme pursuant to Clause [ REF \_Ref321244440 \w \h \\* MERGEFORMAT ] which has been accepted by the Authority or has been determined to be reasonable and Project Co fails to achieve any element of the programme or the end date for the programme (as the case may be); or

40.5.3 any programme put forward by Project Co pursuant to Clause [ REF \_Ref321244440 \w \h \\* MERGEFORMAT ] is rejected by the Authority as not being reasonable, and the Dispute Resolution Procedure does not find against that rejection,

then the Authority may terminate this Agreement in its entirety by written notice to Project Co with immediate effect. Provided that for the purposes of Clause [ REF \_Ref321244588 \w \h \\* MERGEFORMAT ] if Project Co's performance of the programme is adversely affected by the occurrence of Force Majeure, a Relief Event or an Excusing Cause then, subject to Project Co complying with the mitigation and other requirements in this Agreement concerning Force Majeure, a Relief Event or an Excusing Cause (as the case may be), the time for performance of the programme or any relevant element of it shall be deemed to be extended by a period equal to the delay caused by Force Majeure, the Relief Event or the Excusing Cause (as the case may be) which is agreed by the parties or determined in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*).

#### **Authority's costs**

40.6 Project Co shall reimburse the Authority for all reasonable costs incurred by the Authority in exercising any of its rights pursuant to this Clause [ REF \_Ref321244598 \w \h \\* MERGEFORMAT ] (*Project Co Event of Default*)

(including, without limitation, any relevant increased administrative expenses). The Authority shall take reasonable steps to mitigate such costs.

40.7 The Authority shall not exercise, or purport to exercise, any right to terminate this Agreement except as expressly set out in this Agreement. The rights of the Authority (to terminate or otherwise) under this Clause are in addition (and without prejudice) to any right which the Authority may have to claim the amount of loss or damage suffered by the Authority on account of the acts or omissions of Project Co (or to take any action other than termination of this Agreement).

#### 41 **TERMINATION RESULTING FROM FORCE MAJEURE**

If, in the circumstances referred to in Clause [ REF \_Ref321244608 \w \h \\* MERGEFORMAT ] (*Force Majeure*), the parties have failed to reach agreement on any modification to this Agreement pursuant to Clause [ REF \_Ref321244608 \w \h \\* MERGEFORMAT ] (*Force Majeure*) within six (6) calendar months of the date on which the party affected serves notice on the other party in accordance with Clause [ REF \_Ref321244608 \w \h \\* MERGEFORMAT ] (*Force Majeure*) either party may at any time afterwards terminate this Agreement by written notice to the other party having immediate effect provided always that the effects of the relevant event of Force Majeure continues to prevent either party from performing any material obligation under this Agreement.

#### 42 **AUTHORITY VOLUNTARY TERMINATION**

42.1 The Authority shall be entitled to terminate this Agreement at any time on [ ] months' written notice to Project Co. In the event of notice being given by the Authority in accordance with this Clause, the Authority shall, at any time before the expiration of such notice, be entitled to direct Project Co, where the Works (or any part or parts of the Works) or any Service (or any elements of any Service) have not been commenced, to refrain from commencing any such Works or Services (or to procure the same).

##### **[Termination on an Authority Break Point Date**

42.2 Without prejudice to its rights under Clause [ REF \_Ref325725689 \r \h \\* MERGEFORMAT ], the Authority may terminate this Agreement on any of the Authority Break Point Dates by complying with its obligations under Clause [ REF \_Ref325725761 \r \h \\* MERGEFORMAT ] below.

42.2.1 If the Authority wishes to terminate this Agreement under this Clause it must give notice to Project Co stating:

- (a) that the Authority is terminating this Agreement under this Clause [ REF \_Ref325725862 \r \h \\* MERGEFORMAT ]; and
- (b) that this Agreement will terminate on the specified Authority Break Point Date, which must be a minimum of [30] days after the date of receipt of the notice.

42.2.2 Provided the notice has been provided in accordance with Clause [ REF \_Ref325725761 \r \h \\* MERGEFORMAT ] above, this Agreement will terminate on the specified Authority Break Point Date.]

#### 43 EXPIRY

This Agreement shall terminate automatically on the Expiry Date unless it shall have been terminated earlier in accordance with the provisions of this Agreement. To avoid doubt, Project Co shall not be entitled to any compensation for termination of this Agreement on the Expiry Date.

#### 44 CORRUPT GIFTS AND PAYMENTS

##### Prohibition on corruption

44.1 The term "Prohibited **Act**" means:

44.1.1 offering, giving or agreeing to give to the Authority or any other public body or to any person employed by or on behalf of the Authority or any other public body any gift or consideration of any kind as an inducement or reward:

(a) for doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement or any other agreement with the Authority or any other public body; or

(b) for showing or not showing favour or disfavour to any person in relation to this Agreement or any other agreement with the Authority or any other public body;

44.1.2 entering into this Agreement or any other agreement with the Authority or any other public body in connection with which commission has been paid or has been agreed to be paid by Project Co or on its behalf, or to its knowledge, unless before the relevant agreement is entered into particulars of any such commission and of the terms and conditions of any such agreement for the payment of such commission have been disclosed in writing to the Authority;

44.1.3 committing any offence:

(a) under the Bribery Act 2010;

(b) under any Law creating offences in respect of fraudulent acts;  
or



(c) at common law, in respect of fraudulent acts in relation to this Agreement or any other agreement with the Authority or any other public body; or

44.1.4 defrauding or attempting to defraud or conspiring to defraud the Authority or any other public body.

## Warranty

44.2 Project Co warrants that in entering into this Agreement it has not committed any Prohibited Act.

## Remedies

44.3 If Project Co or any Project Co Party (or anyone employed by or acting on behalf of them) commits any Prohibited Act, then the Authority shall be entitled to act in accordance with Clauses [ REF \_Ref321244651 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321244664 \w \h \\* MERGEFORMAT ] below:

44.3.1 if a Prohibited Act is committed by Project Co or by an employee not acting independently of Project Co, then the Authority may terminate this Agreement with immediate effect by giving written notice to Project Co;

44.3.2 if the Prohibited Act is committed by an employee of Project Co acting independently of Project Co, then the Authority may give written notice to Project Co of termination and this Agreement will terminate, unless within twenty (20) Business Days of receipt of such notice Project Co terminates the employee's employment and (if necessary) procures the performance of the relevant part of the Works and/or Services by another person;

44.3.3 if the Prohibited Act is committed by a Contracting Associate or by an employee of that Contracting Associate not acting independently of that Contracting Associate then the Authority may give written notice to Project Co of termination and this Agreement will terminate, unless within twenty (20) Business Days of receipt of such notice Project Co terminates the relevant Sub-Contract and procures the performance of the relevant part of the Works and/or Services by another person, where relevant, in accordance with Clause [ REF \_Ref321244680 \w \h \\* MERGEFORMAT ] (*Assignment and Sub-Contracting*);

44.3.4 if the Prohibited Act is committed by an employee of a Contracting Associate acting independently of that Contracting Associate, then the Authority may give notice to Project Co of termination and this Agreement will terminate, unless within twenty (20) Business Days of receipt of such notice Project Co procures the termination of the employee's employment and (if necessary) procures the performance of the relevant part of the Works and/or Services by another person;

44.3.5 if the Prohibited Act is committed by any other person not specified in Clauses [ REF \_Ref321244651 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321244704 \w \h \\* MERGEFORMAT ] above, then the Authority may give notice to Project Co of termination and this Agreement will terminate unless within twenty (20) Business Days Project Co procures the termination of such person's employment and of the appointment of their employer (where the employer is not the Authority and where such person is not employed by Project Co or the Contracting Associate) and (if necessary) procures the performance of the relevant part of the Works and/or Services by another person; and

44.3.6 any notice of termination under this Clause shall specify:

- (a) the nature of the Prohibited Act;
- (b) the identity of the party who the Authority believes has committed the Prohibited Act; and
- (c) the date on which this Agreement will terminate in accordance with the applicable provisions of this Clause.

44.4 Without prejudice to its other rights or remedies under this Clause, the Authority shall be entitled to recover from Project Co:

44.4.1 the amount or value of any such gift, consideration or commission; and

44.4.2 any other loss sustained in consequence of any breach of this Clause.

#### **Permitted payments**

44.5 Nothing contained in this Clause shall prevent Project Co from paying any proper commission or bonus to its employees within the agreed terms of their employment.

#### **Notification**

44.6 Project Co shall notify the Authority of the occurrence (and details) of any Prohibited Act promptly on Project Co becoming aware of its occurrence.

#### **Interim Management**

44.7 Where Project Co is required to replace any Sub Contractor pursuant to this Clause, the provisions of Clause [ REF \_Ref321244732 \w \h \\* MERGEFORMAT ] shall apply and be construed accordingly.

## 45 BREACH OF THE NPD REQUIREMENTS

### Breach by Project Co

- 45.1 If Project Co breaches Clause [ REF \_Ref321244740 \w \h \\* MERGEFORMAT ] (*Payment of Surpluses and Compliance with NPD Requirements*) then the Authority may terminate this Agreement, at any time within 18 months of becoming aware of such breach, in accordance with Clause [ REF \_Ref321244751 \w \h \\* MERGEFORMAT ] below. The Authority shall inform Project Co of the occurrence of any such breach as soon as reasonably practicable after becoming aware of the breach, provided that failure by the Authority to so inform Project Co shall not constitute a breach of this Agreement by the Authority and shall not prejudice the exercise of its rights under Clause [ REF \_Ref321244751 \w \h \\* MERGEFORMAT ].

### Notice of Termination

- 45.2 If the Authority wishes to terminate this Agreement under this Clause [ REF \_Ref321244767 \w \h \\* MERGEFORMAT ] (*Breach of the NPD Requirements*), it must first give Project Co notice stating:

45.2.1 that the Authority is terminating this Agreement under this Clause [ REF \_Ref321244774 \w \h \\* MERGEFORMAT ] (*Breach of the NPD Requirements*); and

45.2.2 that this Agreement will terminate on the date falling 30 Business Days after the date of receipt of the notice.

and this Agreement will terminate on the day falling 30 Business Days after Project Co receives the notice unless Project Co demonstrates to the satisfaction of the Authority (acting reasonably) that such breach was caused by an administrative error of Project Co and Project Co rectifies such breach within 10 Business Days of receipt of such notice, in which the notice shall be deemed not to have been served.

## 46 COMPENSATION ON TERMINATION

- 46.1 If this Agreement is terminated pursuant to Clause [ REF \_Ref321244784 \w \h \\* MERGEFORMAT ] (*Termination Resulting from Force Majeure*), then the Authority shall pay compensation to Project Co in accordance with Section [ REF SchedulePart17Section3 \h \\* MERGEFORMAT ] (*Consequence of Termination for Force Majeure*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).

- 46.2 If this Agreement is terminated pursuant to Clause [ REF \_Ref321244794 \w \h \\* MERGEFORMAT ] (*Project Co Events of Default*) other than pursuant to Clause [ REF \_Ref321244316 \w \h \\* MERGEFORMAT ], then the Authority shall pay compensation to Project Co in accordance with Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation on Project Co*

*Default*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).

- 46.3 If this Agreement is terminated pursuant to Clause [ REF \_Ref321244820 \w \h \\* MERGEFORMAT ] (*Authority Events of Default*), then the Authority shall pay compensation to Project Co in accordance with Section [ REF SchedulePart17Section1 \h \\* MERGEFORMAT ] (*Compensation on Termination for Authority Default and Voluntary Termination*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).
- 46.4 If this Agreement is terminated pursuant to Clause [ REF \_Ref323649382 \r \h \\* MERGEFORMAT ] (*Voluntary Termination*), then the Authority shall pay compensation to Project Co in accordance with Section [ REF SchedulePart17Section1 \h \\* MERGEFORMAT ] (*Compensation on Termination for Authority Default and Voluntary Termination*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).
- 46.5 If this Agreement is terminated pursuant to Clause [ REF \_Ref321244316 \w \h \\* MERGEFORMAT ], Clause [ REF \_Ref321244849 \w \h \\* MERGEFORMAT ] or Clause [ REF \_Ref321244856 \w \h \\* MERGEFORMAT ] (*Breach of the NPD Requirements*) then the Authority shall pay compensation to Project Co in accordance with Section [ REF SchedulePart17Section4 \h \\* MERGEFORMAT ] (*Corrupt Gifts and Fraud or Breach of Refinancing or Breach of NPD Requirements*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).

#### **Tax equalisation**

- 46.6 Where a payment is to be made to Project Co pursuant to Clause [ REF \_Ref321244868 \w \h ], Clause [ REF \_Ref321244877 \w \h ], Clause [ REF \_Ref321244889 \w \h ] or Clause [ REF \_Ref321244900 \w \h ] (a "**Compensation Payment**") and Project Co has a Relevant Tax Liability in respect of such payment, then the amount of the Compensation Payment to be made by the Authority to Project Co shall be increased so as to ensure that Project Co is in the same position (after account is taken of the Relevant Tax Liability) as it would have been in had it not been for such Relevant Tax Liability.
- 46.7 For the purposes of this Clause [ REF \_Ref321244908 \w \h \\* MERGEFORMAT ] (*Compensation on Termination*):
- 46.7.1 "**Relief**" shall mean any relief, allowance or deduction in computing profits or tax or a credit against, or right to repayment of, tax granted by or pursuant to any legislation for tax purposes;
- 46.7.2 a "**Relief derived from the Project**" is a Relief which arises in connection with the Project and includes any Relief arising as a consequence of the distribution of any amount obtained in respect of the Project (other than a Compensation Payment) by Project Co (whether by way of interest, dividend or other distribution, repayment, reduction or redemption of capital or indebtedness or return of assets or otherwise); and

46.7.3 Project Co shall be regarded as having a "**Relevant Tax Liability**" in respect of a Compensation Payment to the extent that:

(a) it has a liability for tax in consequence of or in respect of a Compensation Payment ("**Actual Liability**"); or

(b) it would have had a liability for tax within paragraph [ REF \_Ref325727451 \r \h ] above but for the utilisation of a Relief other than a Relief derived from the Project ("**Deemed Liability**").

46.8 In determining whether Project Co has a Relevant Tax Liability by reason of a Compensation Payment, it should be assumed that any Reliefs derived from the Project which are available to Project Co (or would have been so available but for a surrender by Project Co of such Reliefs by way of group or consortium relief) for offset against the Compensation Payment, or against tax in relation to the same, have been so offset to the maximum extent possible.

46.9 Project Co shall keep the Authority fully informed of all negotiations with the HM Revenue and Customs in relation to any Relevant Tax Liability in respect of a Compensation Payment. Project Co shall not agree, accept or compromise any claim, issue or dispute relating to such Relevant Tax Liability without the prior written consent of the Authority, which shall not be unreasonably withheld or delayed. The Authority may, if it considers in good faith that such action is justified having regard to the likely costs and benefits, direct Project Co to resist, appeal, defend or otherwise dispute the Relevant Tax Liability in respect of the Compensation Payment, provided that the cost of any such dispute (including any interest or penalties incurred) shall be at the Authority's expense. However, if Project Co obtains professional advice from an independent person with relevant expertise that any resistance, appeal, defence or other mode of dispute is not likely to result in any more beneficial position in relation to the Relevant Tax Liability, Project Co shall be entitled not to continue with such resistance, appeal, defence or other mode of dispute. Where any resistance, appeal, defence or other mode of dispute results in a more beneficial position in relation to the Relevant Tax Liability, an adjustment will be made to the amount payable under Clause [ REF \_Ref321244931 \w \h \\* MERGEFORMAT ] to reflect such outcome.

46.10 Any increase in the amount of a Compensation Payment which is payable under Clause [ REF \_Ref321244931 \w \h \\* MERGEFORMAT ] shall be paid on the later of five (5) Business Days after a demand therefore (together with evidence in sufficient detail for the Authority to satisfy itself of the Relevant Tax Liability and its calculation) is made by Project Co and:

46.10.1 in the case of an Actual Liability, five (5) Business Days before the date on which the relevant tax must be paid to the tax authority in order to avoid incurring interest and penalties; and

46.10.2 in the case of a Deemed Liability, five (5) Business Days before the date on which tax which would not have been payable but for the utilisation of the relevant Relief must be paid in order to avoid incurring interest or penalties (whether by Project Co or otherwise) and, for the purposes of determining when the Relief would otherwise have been utilised, Reliefs shall be regarded as utilised in the order in which they arise.

- 46.11 The Authority shall have the right to pay the amount payable under Clause [ REF \_Ref321244931 \w \h \\* MERGEFORMAT ] direct to HM Revenue and Customs in satisfaction of the relevant tax due by Project Co.

#### **Rights of Set-Off**

- 46.12 To avoid doubt, the Authority's obligations to make any payment of compensation to Project Co pursuant to this Clause are subject to the Authority's rights under Clause [ REF \_Ref321240324 \w \h \\* MERGEFORMAT ], save that the Authority agrees not to set-off any amount agreed or determined as due and payable by Project Co to the Authority against any payment of termination compensation (whether payable as a lump sum or in instalments) under Clauses [ REF \_Ref321244868 \w \h \\* MERGEFORMAT ], [ REF \_Ref321244877 \w \h \\* MERGEFORMAT ], [ REF \_Ref321244889 \w \h \\* MERGEFORMAT ] or [ REF \_Ref321244900 \w \h \\* MERGEFORMAT ], except to the extent that such termination payment exceeds the Base Senior Debt Termination Amount or the Revised Senior Debt Termination Amount (as the case may be) at that time.

#### **Full and final settlement**

- 46.13 Subject to the provisions of paragraph [ REF \_Ref321846302 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart17Section5 \h \\* MERGEFORMAT ] (*General*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*):

46.13.1 any compensation paid pursuant to this Clause shall be in full and final settlement of any claim, demand and/or proceedings of Project Co in relation to any termination of this Agreement and/or any Project Document (and the circumstances leading to such termination) and Project Co shall be excluded from all other rights and remedies in respect of any such termination; and

46.13.2 the compensation payable (if any) pursuant to this Clause [ REF \_Ref321245026 \w \h \\* MERGEFORMAT ] (*Compensation on Termination*) above shall be the sole remedy of Project Co and Project Co shall not have any other right or remedy in respect of such termination.

### **47 CONSEQUENCES OF TERMINATION**

#### **Continued performance**

- 47.1 Subject to any exercise by the Authority of its rights to perform, or to procure a third party to perform, the obligations of Project Co, the parties shall continue to perform their obligations under this Agreement, notwithstanding the giving of any notice of default or notice of termination, until the Termination Date.

#### **Transfer to Authority of Assets, Contracts etc.**

- 47.2 On the service of a notice of termination in accordance with this Agreement for any reason:
- 47.2.1 if prior to the Actual Completion Date [final Phase Actual Completion Date], in so far as any transfer shall be necessary fully and effectively to transfer property to the Authority, Project Co shall transfer to, and there shall vest in, the Authority, such part of the Works and/or the Facilities as shall have been constructed and such items of the Plant [and [ ]] as shall have been procured by Project Co if the Authority so elects:
- 47.2.2 all goods and all materials on or near to the Site not yet incorporated in the Works shall remain available to the Authority for the purposes of completing the Works and if the cost of such goods and materials has not been reflected in the payment of any compensation pursuant to Schedule Part [ REF SchedulePart17 \h ] (*Compensation on Termination*), subject to the payment by the Authority (determined as between a willing vendor and willing purchaser with any disputes determined pursuant to Clause [ REF \_Ref321245041 \w \h ] (*Dispute Resolution Procedure*));
- 47.2.3 the construction plant shall remain available to the Authority for the purposes of completing the Works, subject to payment of the Contractor's reasonable charges;
- 47.2.4 Project Co shall hand over to, and there shall vest in, the Authority, free from any Encumbrances (other than any created on or by or against the Authority), the Facilities [and ] (which in the case of the termination of this Agreement in accordance with Clause [ REF \_Ref321245048 \w \h ] (*Expiry*) shall be in the state required in accordance with Schedule Part [ REF SchedulePart18 \h ] (*Handback Procedure*));
- 47.2.5 if the Authority so elects, Project Co shall procure that any of the Construction Contract, the Service Contracts and/or the Independent Tester Contract shall be novated or assigned to the Authority, provided that where termination occurs under Clause [ REF \_Ref321245058 \w \h ] (*Authority Events of Default*) the consent of the Contractor, the Service Provider or the Independent Tester (as the case may be) shall be required;
- 47.2.6 Project Co shall, or shall procure that any Contracting Associate shall (as the case may be), offer to sell to the Authority at a fair value (determined as between a willing vendor and willing purchaser, with any disputes as to such fair value being determined pursuant to Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*), free from any Encumbrance all or any part of the stocks of material and other assets, road vehicles, spare parts and other moveable property owned by Project Co or any of its Contracting Associates and reasonably required by the Authority in connection with the operation of the Facilities or the provision of the Services;
- 47.2.7 Project Co shall deliver to the Authority (as far as not already delivered to the Authority) one complete set of:

- (a) "as built drawings" showing all alterations made to the Facilities since the commencement of operation of the Facilities; and
- (b) maintenance, operation and training manuals for the Facilities;

47.2.8 Project Co shall use all reasonable endeavours to procure that the benefit of all manufacturer's warranties in respect of mechanical and electrical plant and equipment used or made available by Project Co under this Agreement and included in the Facilities are assigned, or otherwise transferred, to the Authority with full title guarantee; and

47.2.9 Project Co shall deliver to the Authority [information equivalent to the information it is required to provide in accordance with [Clause [ REF \_Ref325727537 \r \h ] (*TUPE and Employment Matters*)] and [Clause [ REF \_Ref325727560 \r \h ] (*Pensions*)] in relation to the employees employed by Project Co and/or Service Providers and] the records referred to in Clause [ REF \_Ref321245074 \w \h ] (*Records and Open Book Accounting*) except where such documents are required by Law to be retained by Project Co or its Contracting Associates (in which case complete copies shall be delivered to the Authority).

47.3 Project Co shall ensure that provision is made in all contracts of any description whatsoever to ensure that the Authority will be in a position to exercise its rights, and Project Co will be in a position to comply with its obligations, under Clause [ REF \_Ref321245084 \w \h ].

#### **Transitional arrangements**

47.4 On the termination of this Agreement for any reason, for a reasonable period both before and after any such termination, Project Co shall have the following duties:

47.4.1 Project Co shall co-operate fully with the Authority and any successor providing to the Authority services in the nature of any of the Services or any part of the Services in order to achieve a smooth transfer of the manner in which the Authority obtains services in the nature of the Services and to avoid or mitigate in so far as reasonably practicable any inconvenience or any risk to the health and safety of the employees of the Authority and members of the public;

47.4.2 Project Co shall as soon as practicable remove from the Site all property not acquired by the Authority pursuant to Clause [ REF \_Ref321245084 \w \h ] (or not belonging to the Authority or any Authority Party) and if it has not done so within forty (40) Business Days after any notice from the Authority requiring it to do so the Authority may (without being responsible for any loss, damage, costs or expenses) remove and sell any such property and shall hold any proceeds less all costs incurred to the credit of Project Co;

47.4.3 Project Co shall forthwith deliver to the Authority's Representative:



- (a) any security passwords, access codes and other keys to the Facilities and the equipment; and
- (b) without prejudice to Clause [ REF \_Ref321245104 \w \h ] (*Intellectual Property*), any copyright licences for any computer programmes (or licences to use the same) necessary for the operation of the Facilities (but excluding computer programmes, which have been developed or acquired by a Service Provider for its own use and not solely for the purposes of provision of any of the Services at the Facilities or the assignment or transfer of which is otherwise restricted); and

47.4.4 Project Co shall as soon as practicable vacate the Site and (without prejudice to Schedule Part [ REF SchedulePart18 \h ] (*Handback Procedure*)) shall leave the Site and the Facilities in a safe, clean and orderly condition.

47.5 If the Authority wishes to conduct a competition prior to the Expiry Date with a view to entering into an agreement for the provision of services (which may or may not be the same as, or similar to, the Services or any of them) following the expiry of this Agreement, Project Co shall co-operate with the Authority fully in such competition process including (without limitation) by:

47.5.1 providing any information which the Authority may reasonably require to conduct such competition but, to avoid doubt, information which is commercially sensitive to Project Co shall not be provided (and, for the purpose of this Clause [ REF \_Ref321245120 \w \h ] commercially sensitive shall mean information which would if disclosed to a competitor of Project Co give that competitor a competitive advantage over Project Co and thereby prejudice the business of Project Co but shall, to avoid doubt, exclude any information to be disclosed in terms of Clause [ REF \_Ref321245129 \w \h ] (*TUPE and Employment matters*)); and

47.5.2 assisting the Authority by providing all (or any) participants in such competition process with access to the Site and the Facilities.

### **Continuing Obligations**

47.6 Save as otherwise expressly provided in this Agreement or as already taken into account in the calculation of any termination sum or other payment of compensation on termination pursuant to this Agreement:

47.6.1 termination of this Agreement shall be without prejudice to any accrued rights and obligations under this Agreement as at the date of termination; and

47.6.2 termination of this Agreement shall not affect the continuing rights and obligations of Project Co and the Authority under Clauses [ REF \_Ref321245140 \w \h ] (*The Site*), [ REF \_Ref321245147 \w \h ] (*TUPE and Employment Matters*), [ REF \_Ref321245154 \w \h ] (*Force*

*Majeure*), [ REF \_Ref321245161 \w \h ] (*Payment*), [ REF \_Ref321245170 \w \h ] (*Taxation*), [ REF \_Ref321245178 \w \h ] (*Payment of Surpluses and compliance with NPD Requirements*), [ REF \_Ref321245184 \w \h ] (*Custody of Financial Model*), [ REF \_Ref321245193 \w \h ] (*Records and Reports*), [ REF \_Ref321245201 \w \h ] (*Termination Resulting from Force Majeure*), [ REF \_Ref321245217 \w \h ] (*Authority Voluntary Termination*), [ REF \_Ref321245225 \w \h ] (*Corrupt Gifts and Payments*), [ REF \_Ref321245232 \w \h ] (*Compensation on Termination*), [ REF \_Ref321245084 \w \h ], [ REF \_Ref321245262 \w \h ] and [ REF \_Ref321245276 \w \h ] (*Transitional Arrangements*), [ REF \_Ref321245285 \w \h ] (*Indemnities and Liability*), [ REF \_Ref321245295 \w \h ] (*Insurance*), [ REF \_Ref321245302 \w \h ] (*Exclusions and Limits on Liability*), [ REF \_Ref321245310 \w \h ] (*Intellectual Property*), [ REF \_Ref321245318 \w \h ] (*Dispute Resolution Procedure*), [ REF \_Ref321245325 \w \h ] (*Mitigation*), [ REF \_Ref321245331 \w \h ] (*Confidentiality*), [ REF \_Ref321245340 \w \h ] (*Notices*) and Clause [ REF \_Ref321245349 \w \h ] (*Governing Law and Jurisdiction*) or under any other provision of this Agreement which is expressed to survive termination or which is required to give effect to such termination or the consequences of such termination.

#### 48 **HANDBACK PROCEDURE**

The provisions of Schedule Part [ REF SchedulePart18 \h ] (*Handback Procedure*) shall apply to the handback of the Facilities to the Authority on expiry of this Agreement.

## PART 11: INDEMNITIES, WARRANTIES & INSURANCE

### 49 INDEMNITIES

#### Project Co indemnities to Authority

- 49.1 Project Co shall indemnify and keep the Authority indemnified at all times from and against all Direct Losses sustained by the Authority in consequence of:
- 49.1.1 any claim for, or in respect of, the death and/or personal injury of any employee of, or person engaged by, Project Co or any Project Co Party notwithstanding any act or omission of the Authority or any Authority Party;
  - 49.1.2 any claim for, or in respect of, the death and/or personal injury of any third party (other than a person referred to in Clause [ REF \_Ref321245370 \w \h \\* MERGEFORMAT ]) arising out of, or in the course of, the Project Operations, save to the extent caused (or contributed to) by any Unreasonable Act by the Authority or any Authority Party, breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate or negligent act or omission of the Authority or any Authority Party;
  - 49.1.3 any physical loss of or damage to Authority Assets arising by reason of any act or omission of Project Co or any Project Co Party, save to the extent that such loss or damage arises out of the breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate or negligent act or omission of the Authority or any Authority Party; and
  - 49.1.4 any loss of or damage to property or assets of any third party arising by reason of any act or omission of Project Co or any Project Co Party, save to the extent that such loss or damage arises out of the breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate or negligent act or omission of the Authority or any Authority Party.

#### Authority indemnities to Project Co

- 49.2 The Authority shall indemnify and keep Project Co indemnified at all times from and against all Direct Losses sustained by Project Co in consequence of:
- 49.2.1 any claim for, or in respect of, the death and/or personal injury of any employee of, or person engaged by, the Authority or any Authority Party notwithstanding any act or omission of Project Co or any Project Co Party;

- 49.2.2 any claim for, or in respect of, the death and/or personal injury of any third party (other than a person referred to in Clause [ REF \_Ref321245387 \w \h ]) arising by reason of any act or omission of the Authority or any Authority Party in the course of provision of the Authority Services, any Unreasonable Act by the Authority or any Authority Party, breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate act or omission of the Authority or any Authority Party, save to the extent caused (or contributed to) by any act or omission of Project Co or any Project Co Party;
- 49.2.3 any physical damage to any part of the Facilities or any assets or other property of Project Co or any Project Co Party arising by reason of any breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate act or omission of the Authority or any Authority Party, save to the extent caused (or contributed to) by any act or omission of Project Co or any Project Co Party; and
- 49.2.4 any loss of or damage to property or assets of any third party arising by reason of any breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate act or omission of the Authority or any Authority Party, save to the extent caused (or contributed to) by any act or omission of Project Co or any Project Co Party;

provided that in the case of Clauses [ REF \_Ref321245407 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321245416 \w \h \\* MERGEFORMAT ] there shall be excluded from the indemnity given by the Authority any liability:

- (a) for the occurrence of risks against which and to the extent to which Project Co is obliged to insure under this Agreement (but for the avoidance of doubt, not such liability to the extent within any applicable excess or deductible or over the maximum amount insured or to be insured under such insurance); or
- (b) in respect of a matter which is a Compensation Event; or
- (c) in respect of malicious damage.

### **Conduct of claims**

49.3 This Clause [ REF \_Ref321245432 \w \h ] (*Conduct of Claims*) shall apply to the conduct, by a party from whom an indemnity is sought under this Agreement, of claims made by a third person against a party having (or claiming to have) the benefit of the indemnity. The party having, or claiming to have, the benefit of the indemnity is referred to as the "**Beneficiary**" and the party giving the indemnity is referred to as the "**Indemnifier**". Accordingly:

- 49.3.1 if the Beneficiary receives any notice, demand, letter or other document concerning any claim for which it appears that the Beneficiary is, or may

become, entitled to indemnification under this Agreement, the Beneficiary shall give notice in writing to the Indemnifier as soon as reasonably practicable and in any event within twenty (20) Business Days of receipt of the same;

49.3.2 subject to Clauses [ REF \_Ref321245447 \w \h ], [ REF \_Ref321245460 \w \h ] and [ REF \_Ref321245474 \w \h ] below, on the giving of a notice by the Beneficiary pursuant to Clause [ REF \_Ref321245489 \w \h ] above, where it appears that the Beneficiary is or may be entitled to indemnification from the Indemnifier in respect of all (but not part only) of the liability arising out of the claim, the Indemnifier shall (subject to providing the Beneficiary with an indemnity to its reasonable satisfaction against all costs and expenses that it may incur by reason of such action) be entitled to dispute the claim in the name of the Beneficiary at the Indemnifier's own expense and take conduct of any defence, dispute, compromise, or appeal of the claim and of any incidental negotiations. The Beneficiary shall give the Indemnifier all reasonable co operation, access and assistance for the purposes of considering and resisting such claim;

49.3.3 with respect to any claim conducted by the Indemnifier pursuant to Clause [ REF \_Ref321245503 \w \h ] above:

- (a) the Indemnifier shall keep the Beneficiary fully informed and consult with it about material elements of the conduct of the claim;
- (b) the Indemnifier shall not bring the name of the Beneficiary into disrepute; and
- (c) the Indemnifier shall not pay or settle such claims without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed;

49.3.4 the Beneficiary shall be free to pay or settle any claim on such terms as it thinks fit and without prejudice to its rights and remedies under this Agreement if:

- (a) the Indemnifier is not entitled to take conduct of the claim in accordance with Clause [ REF \_Ref321245503 \w \h ] above; or
- (b) the Indemnifier fails to notify the Beneficiary of its intention to take conduct of the relevant claim within twenty (20) Business Days of the notice from the Beneficiary under Clause [ REF \_Ref321245489 \w \h ] above or notifies the Beneficiary that it does not intend to take conduct of the claim; or
- (c) the Indemnifier fails to comply in any material respect with the provisions of Clause [ REF \_Ref321245447 \w \h ] above;

- 49.3.5 the Beneficiary shall be free at any time to give notice to the Indemnifier that it is retaining or taking over (as the case may be) the conduct of any defence, dispute, compromise or appeal of any claim (or of any incidental negotiations) to which Clause [ REF \_Ref321245503 \w \h ] above applies. On receipt of such notice the Indemnifier shall promptly take all steps necessary to transfer the conduct of such claim to the Beneficiary, and shall provide to the Beneficiary all reasonable co operation, access and assistance for the purposes of considering and resisting such claim. If the Beneficiary gives any notice pursuant to this Clause [ REF \_Ref321245474 \w \h ], then the Indemnifier shall be released from any liability under its indemnity under Clause [ REF \_Ref321245575 \w \h ] (Project Co Indemnities to Authority) or Clause [ REF \_Ref321245586 \w \h ] (*Authority Indemnities to Project Co*) (as the case may be) and, without prejudice to any accrued liabilities, any liability under its indemnity given pursuant to Clause [ REF \_Ref321245503 \w \h ] in respect of such claim;
- 49.3.6 if the Indemnifier pays to the Beneficiary an amount in respect of an indemnity and the Beneficiary subsequently recovers (whether by payment, discount, credit, saving, relief or other benefit or otherwise) a sum which is directly referable to the fact, matter, event or circumstances giving rise to the claim under the indemnity, the Beneficiary shall forthwith repay to the Indemnifier whichever is the lesser of:
- (a) an amount equal to the sum recovered (or the value of the saving or benefit obtained) less any out of pocket costs and expenses properly incurred by the Beneficiary in recovering the same; and
  - (b) the amount paid to the Beneficiary by the Indemnifier in respect of the claim under the relevant indemnity,
- 49.3.7 provided that there shall be no obligation on the Beneficiary to pursue such recovery and that the Indemnifier is repaid only to the extent that the amount of such recovery aggregated with any sum recovered from the Indemnifier exceeds any loss sustained by the Beneficiary (including for this purpose indirect or consequential losses or claims for loss of profits which are excluded by this Agreement from being recovered from the Indemnifier); and
- 49.3.8 any person taking any of the steps contemplated by Clauses [ REF \_Ref321245489 \w \h ] to [ REF \_Ref321245474 \w \h ] shall comply with the requirements of any insurer who may have an obligation to provide an indemnity in respect of any liability arising under this Agreement.

#### **Mitigation – indemnity claims**

- 49.4 To avoid doubt the provisions of Clause [ REF \_Ref321245635 \w \h ] (*Mitigation*) apply to any indemnity given under this Agreement and any such indemnity shall not apply to the extent that such part or parts of Direct Losses could have been reduced or avoided by the Beneficiary complying with the provisions of such Clause [ REF \_Ref321245635 \w \h ] (*Mitigation*).

## 49A MALICIOUS DAMAGE

### 49A.1 Remit of Clause

This Clause [ REF FortyNineA \h \\* MERGEFORMAT ] specifies the respective obligations of the parties in relation to malicious damage to the Facilities during the Operational Term.

### 49A.2 Notification

49A.2.1 As soon as possible after a Service Event has been notified to the Helpdesk or after Project Co has itself or by a Service Provider become aware of a Service Event, if it considers that the Service Event was caused by malicious damage by a person other than a Project Co Party, Project Co must verbally inform the Helpdesk and the [Authority's Representative] (a "**Malicious Damage Report**"). Where it is reasonably practicable for it to do so without prejudicing its ability to achieve Rectification of the Service Event within the Rectification Period and subject to any immediate steps that it requires to take to make the Facilities safe, it must allow the [Authority's Representative] an opportunity to inspect the evidence it relies on to support its claim that malicious damage caused the Service Event concerned before carrying out Rectification and, where this is not reasonably practicable, Project Co must take reasonable steps to preserve or record in a suitable manner any such evidence and forthwith make that record available to the Authority.

49A.2.2 Provided Project Co has complied with the requirements of Clause [ REF FortyNineAPoint2Point1 \h \\* MERGEFORMAT ], unless within [two (2) hours] of receipt of a Malicious Damage Report or within [two (2) hours] of the start of the next Core Times where the Malicious Damage Report is made outside Core Times, or, if applicable, within [one (1)] Business Day of receipt of the evidence or record of the alleged malicious damage concerned the [Authority's Representative] notifies Project Co that he agrees that the Service Event referred to in the relevant Malicious Damage Report was caused by malicious damage by a person other than a Project Co Party, the [Authority's Representative] will be deemed to have disagreed that the Service Event concerned was caused by malicious damage by a person other than a Project Co Party.

### 49A.3 Rectification of Malicious Damage

49A.3.1 In relation to any Service Event referred to in a Malicious Damage Report, Project Co shall always take such steps as are necessary in accordance with its obligations under this Agreement to make the Facilities safe.

49A.3.2 If the [Authority's Representative] agrees in accordance with Clause [ REF FortyNineAPoint2 \h \\* MERGEFORMAT ] that a Service Event was caused by malicious damage by a person other than a Project Co Party, except when Clause [ REF FortyNineAPoint3Point3 \h \\*

MERGEFORMAT ] applies, Project Co shall not Rectify the Service Event beyond what is required by Clause [ REF FortyNineAPoint3Point1 \h \\* MERGEFORMAT ] unless instructed by the Authority to do so as an Authority Change under Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*).

49A.3.3 If, in the reasonable opinion of Project Co, the Service Event referred to in a Malicious Damage Report, if not Rectified, will or is likely to result in the costs of performing the Services and in particular the costs of Maintenance Works and Lifecycle Replacement being materially increased, it may notify the [Authority's Representative] to that effect and shall be entitled to proceed with Rectification in accordance with its obligations under this Agreement.

49A.3.4 If the [Authority's Representative] does not agree accordance with Clause [ REF FortyNineAPoint2 \h \\* MERGEFORMAT ] that the Service Event referred to in a Malicious Damage Report was caused by malicious damage by a person other than a Project Co Party, Project Co shall be entitled to proceed with Rectification in accordance with its obligations under this Agreement.

#### 49A.4 **Costs of rectifying malicious damage**

Project Co will be entitled to include all reasonable costs incurred with any Service Provider or third party:

49A.4.1 to make the Facilities safe pursuant to Clause [ REF FortyNineAPoint3Point1 \h \\* MERGEFORMAT ] if it is agreed by the Authority or subsequently determined under the Dispute Resolution Procedure that the Service Event was caused by malicious damage by a person other than a Project Co Party; or

49A.4.2 to carry out Rectification pursuant to Clause [ REF FortyNineAPoint3Point3 \h \\* MERGEFORMAT ]; or

49A.4.3 to carry out Rectification pursuant to Clause [ REF FortyNineAPoint3Point4 \h \\* MERGEFORMAT ] if it is subsequently determined under the Dispute Resolution Procedure that the Service Event was caused by malicious damage by a person other than a Project Co Party,

in a Monthly Invoice in accordance with Clause [ REF \_Ref321245701 \w \h \\* MERGEFORMAT ]. In deciding what a reasonable cost is, regard may be had to prices and rates in the Catalogue (as defined in Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*)).

#### 49A.5 **Project Co to Provide Information**



Project Co must provide the Authority with such information as the Authority reasonably requests for the purpose of making claims for losses due to malicious damage, under the Operational Insurances.

#### 49A.6 Disputes

Any dispute under this Clause [ REF FortyNineA \h \\* MERGEFORMAT ] shall be determined under the Dispute Resolution Procedure.

### 50 TAX ON INDEMNITY PAYMENTS

If any payment by one party under an indemnity in this Agreement is subject to income tax or corporation tax (or any tax replacing them) in the hands of the recipient, the recipient may demand in writing to the party making the payment that the payment shall be increased by such amount as would ensure that, after taking into account any such tax payable in respect of such additional amount, the recipient receives and retains a net sum equal to the amount it would have otherwise received had the payment not been subject to such tax. In relation to any such additional amount payable to Project Co, Project Co and the Authority shall have the same rights and obligations as would apply to a Relevant Tax Liability under Clause [ REF \_Ref321245727 \w \h \\* MERGEFORMAT ] and Clauses [ REF \_Ref321244931 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321245749 \w \h \\* MERGEFORMAT ] (inclusive) shall apply mutatis mutandis to the payment of the additional amount. The party making the payment shall pay such additional amount within ten (10) Business Days of receipt of such demand.

### 51 EXCUSING CAUSES

51.1 If an Excusing Cause interferes adversely with, or causes or contributes to a failure of, the performance of the Project Operations by Project Co and/or causes or contributes to the occurrence of an Availability Failure and/or a Performance Failure and provided that the effect of such Excusing Cause is claimed within ten (10) Business Days of the date on which Project Co became aware (or ought reasonably to have become so aware) of the occurrence of the Excusing Cause, then (subject to Clauses [ REF \_Ref321245764 \w \h \\* MERGEFORMAT ] (*Insured Exposure*) and [ REF \_Ref321245778 \w \h \\* MERGEFORMAT ]) to the extent such failure or interference or occurrence of an Availability Failure and/or a Performance Failure arises as a result of such Excusing Cause:

51.1.1 such failure by Project Co to perform or interference or occurrence, and any poor performance of, any affected Service shall not constitute a breach of the provisions of this Agreement by Project Co;

51.1.2 such failure by Project Co to perform or interference or occurrence shall be taken account of in measuring the performance of any affected Service in accordance with the Service Level Specification, which shall be operated as though the relevant Service had been performed free from such adverse interference; and

51.1.3 any such Availability Failure and/or Performance Failure shall be deemed not to have occurred,

so that Project Co shall be entitled to payment under this Agreement as if there had been no such interference with, or failure in the performance of, the Project Operations and no such occurrence of an Availability Failure and/or Performance Failure.

51.2 For the purpose of Clause [ REF \_Ref321245788 \w \h \\* MERGEFORMAT ] (*Excusing Causes*), an Excusing Cause means:

51.2.1 any breach of any express provision of this Agreement by the Authority or any Authority Party (unless, and to the extent, caused or contributed to by Project Co or any Project Co Party);

51.2.2 any deliberate act or omission of the Authority or of any Authority Party or any failure by the Authority or Authority Party (having regard always to the interactive nature of the activities of the Authority and of Project Co) to take reasonable steps to carry out its activities in a manner which minimises undue interference with Project Co's performance of the Project Operations, save where (and to the extent):

(a) caused or contributed to by Project Co or any Project Co Party;

(b) the Authority or Authority Party is acting in accordance with a recommendation or instruction of Project Co or any Project Co Party;

(c) any such act or omission giving rise to such failure was within the contemplation of the parties or was otherwise provided for in this Agreement;

(d) the consequences of any such deliberate act or omission or other acts or omissions giving rise to such failure would have been prevented by the proper performance of Project Co's obligations under this Agreement; or

(e) [the same arises from an act of the Authority or an Authority Party compliant with the Contractor's Site Rules and other requirements of the Contractor as referred to in Clause [ REF \_Ref321245807 \w \h \\* MERGEFORMAT ] (*Access to Site*) or [ REF \_Ref321245819 \w \h \\* MERGEFORMAT ].]

51.2.3 [the outbreak or the effects of any outbreak of any Medical Contamination unless and to the extent that the effects of such outbreak are caused (or contributed to) by any failure of Project Co or any Project Co Party to comply with procedures (or Authority instructions) relating to control of infection or to take all reasonable steps to mitigate the effect of such Medical Contamination;]

51.2.4 the implementation of any action taken by the Authority or any Authority Party, or any suspension of Project Co's obligation to deliver any or any

part of the Services or the compliance by Project Co with instructions given by the Authority, in each case in the circumstances referred to in Clauses [ REF \_Ref321240334 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321240342 \w \h \\* MERGEFORMAT ] (inclusive);

- 51.2.5 the carrying out of any Low Value Change in accordance with the terms of this Agreement during the period of time agreed between the Authority and Project Co; or
- 51.2.6 the carrying out of planned preventative maintenance in accordance with the Schedule of Programmed Maintenance;
- 51.2.7 the occurrence of a Service Event that the [Authority's Representative] has agreed pursuant to Clause 49A.3.2 has been caused by malicious damage by a person other than a Project Co Party, but only until such time as either (i) the Authority has instructed Project Co to Rectify the Service Event as an Authority Change and the time period for implementation of such Authority Change has expired or (ii) Project Co has Rectified the Service Event pursuant to Clause [ REF FortyNineAPoint3Point3 \h \\* MERGEFORMAT ]; [or
- 51.2.8 the occurrence of a matter referred to in Clause [ REF \_Ref325711761 \r \h \\* MERGEFORMAT ] during the Operational Term].

#### **Insured exposure**

- 51.3 Without prejudice to Clause [ REF \_Ref321245859 \w \h \\* MERGEFORMAT ] (*Insurance*), Project Co shall not be entitled to any payment which would not have been due under this Agreement but for Clause [ REF \_Ref321245866 \w \h \\* MERGEFORMAT ] (*Excusing Causes*) to the extent that Project Co is or should be able to recover under any policy of insurance required to be maintained by Project Co or any Project Co Party in accordance with this Agreement (whether or not such insurance has in fact been effected or, if effected, has been vitiated as a result of any act or omission of Project Co (or any Project Co Party), including but not limited to non-disclosure or under insurance) or any other policy of insurance which Project Co has taken out and maintained.

#### **Mitigation of Excusing Cause**

- 51.4 Project Co shall take all reasonable steps to mitigate the consequences of an Excusing Cause on Project Co's ability to perform its obligations under this Agreement. To the extent that Project Co does not take such steps, Project Co shall not be entitled to, and shall not receive, the relief specified in Clause [ REF \_Ref321245880 \w \h \\* MERGEFORMAT ]
- 51.5 To avoid doubt, Clause [ REF \_Ref321245890 \w \h \\* MERGEFORMAT ] shall not impose a general obligation on the Authority to take (or to procure that any Authority Party takes) such steps and shall apply (and be construed) solely for the purpose of establishing whether an Excusing Cause has occurred.

52      **WARRANTIES**

[TO BE COMPLETED]

53      **INSURANCE**

**Project Co Insurances**

- 53.1      Project Co shall, at its own cost, procure that the insurances, details of which are set out in Section [ REF SchedulePart15Section1 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and maintained during the Design and Construction Phase*) of Schedule Part [ REF SchedulePart15 \h ] (*Insurance Requirements*), are taken out prior to the commencement of the Works and are maintained for the periods specified in Section [ REF SchedulePart15Section1 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and maintained during the Design and Construction Phase*) of Schedule Part [ REF SchedulePart15 \h ] (*Insurance Requirements*).
- 53.2      Project Co shall, at its own cost, procure that the insurances, details of which are set out in Section [ REF SchedulePart15Section2 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and maintained from the Actual Completion Date*) of Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*), are taken out prior to the Actual Completion Date and are maintained for the periods specified in Section [ REF SchedulePart15Section2 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and maintained from the Actual Completion Date*) of Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*).
- 53.3      Without prejudice to the other provisions of this Clause [ REF \_Ref321245910 \w \h \\* MERGEFORMAT ] (*Insurance*), Project Co shall, at all relevant times, at its own cost, effect and maintain in full force those insurances which it is required to effect by any applicable Law.
- 53.4      All Insurances referred to in Clauses [ REF \_Ref321244247 \w \h ] and [ REF \_Ref321244274 \w \h ] shall:
- 53.4.1      be maintained in the names of the parties specified in Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*) and shall be composite policies of insurance (and not joint) unless stated otherwise in Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*);
  - 53.4.2      be placed with insurers who are acceptable to the Authority (such acceptance not to be unreasonably withheld or delayed);
  - 53.4.3      in so far as they relate to damage to assets (including the Facilities), cover the same for the full reinstatement value;

- 53.4.4 comply with the relevant provisions of Section [ REF SchedulePart15Section1 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and maintained during the Design and Construction Phase*) and Section [ REF SchedulePart15Section2 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and maintained from the Actual Completion Date*) of Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*).
- 53.4.5 provide for 30 days prior written notice of their cancellation, non-renewal or amendment to be given to the Authority in accordance with Endorsement 1 in Section [ REF SchedulePart15Section3 \h \\* MERGEFORMAT ] (*Endorsement*) of Schedule Part [ REF SchedulePart15 \h ] (*Insurance Requirements*);
- 53.4.6 in respect of the Physical Damage Policies provide for payment of any proceeds received by Project Co to be applied in accordance with Clause [ REF \_Ref321245954 \w \h ] (*Reinstatement*);
- 53.4.7 in the case of the Operational Insurances only, be taken out and maintained in accordance with Section [ REF SchedulePart15Section4 \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart15 \h ] (*Insurance Requirements*).
- 53.5 Project Co shall ensure that its brokers give the Authority a letter of undertaking substantially in the form set out in Section [ REF SchedulePart15Section5 \h \\* MERGEFORMAT ] (*Broker's Letter of Undertaking*) of Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*) at Financial Close and subsequently on the renewal of each of the Insurances.

### **Subrogation and Vitiation**

- 53.6 Project Co shall in respect of the insurances referred to in Clauses [ REF \_Ref321244247 \w \h ] and [ REF \_Ref321244274 \w \h ]:
- 53.6.1 [procure that all policies of insurance to be effected by it pursuant to this Clause shall contain a provision to the effect that the insurers have agreed to waive all rights of subrogation against the Authority (and all Authority Parties other than contractors and sub-contractors) in accordance with Endorsement 2 in Section [ REF SchedulePart15Section3 \h \\* MERGEFORMAT ] (*Endorsements*) of Schedule Part [ REF SchedulePart15 \h ] (*Insurance Requirements*); and
- 53.6.2 [provide for non-vitiating protection in respect of any claim made by the Authority as co-insured in accordance with Endorsement [2] in Section [ REF SchedulePart15Section3 \h \\* MERGEFORMAT ] (*Endorsements*) of Schedule Part [ REF SchedulePart15 \h ] (*Insurance Requirements*);

provided that, to avoid doubt, this Clause [ REF \_Ref321245988 \w \h ] shall not by itself prevent Project Co from claiming against the Authority (or any Authority

Party) under an express provision of this Agreement for any loss or damage not covered because of the level of deductibles under such insurance permitted by this Agreement or to the extent such loss or damage exceeds the maximum of such insurance required by this Agreement.

- 53.7 Neither party shall take any action or fail to take any reasonable action or (in so far as it is reasonably within its power) permit or allow others to take or fail to take any action (including failure to disclose any fact) as a result of which any of the Insurances may be rendered void, voidable, unenforceable or suspended or impaired in whole or in part or which may otherwise render any sum paid out under any relevant policy repayable in whole or in part.

#### **Evidence of Project Co Insurance**

- 53.8 Not less than twenty (20) Business Days prior to the amendment or expiry of any relevant insurance policy (other than the expiry of any of the Operational Insurances in respect of which Project Co must comply with the provisions of Section [ REF SchedulePart15Section4 \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (Insurance Requirements)), Project Co shall submit to the Authority a request for approval from the Authority of the insurer and the principal terms and conditions of such insurance policy (and any revision to such terms and conditions or change in identity of such insurer), such approval not to be unreasonably withheld or delayed.

- 53.9 Project Co shall provide to the Authority:

53.9.1 copies on request of all insurance policies referred to in Clauses [ REF \_Ref321244247 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321246011 \w \h \\* MERGEFORMAT ] (together with any other information reasonably requested by the Authority relating to such insurance policies) and the Authority shall be entitled to inspect them during ordinary business hours; and

53.9.2 evidence that the premiums payable under all insurance policies have been paid and that the Insurances are in full force and effect in accordance with the requirements of this Clause [ REF \_Ref321246022 \w \h ] (*Insurance*) and Schedule Part [ REF SchedulePart15 \h ] (*Insurance Requirements*).

- 53.10 Renewal certificates or other such evidence of renewal in relation to the Insurances shall be obtained as and when necessary and copies (certified in a manner acceptable to the Authority) shall be forwarded to the Authority as soon as possible but in any event within 20 Business Days of the renewal date.

- 53.11 If Project Co defaults in insuring or continuing to maintain the Insurances, the Authority may insure against any risk in respect of which such default has occurred and recover any premiums from Project Co as a debt provided that if the default occurs during the Operational Term the amount recoverable from Project Co shall be the difference between the premiums had Project Co continued to maintain the Insurances and the premiums paid by the Authority to take out and maintain the Insurances.

## Acceptance and compliance

53.12 The supply to the Authority of any draft insurance policy or certificate of insurance or other evidence of compliance with this Clause [ REF \_Ref321246045 \w \h ] (*Insurance*) shall not imply acceptance by the Authority (or the Authority's Representative) that:

53.12.1 the extent of insurance cover is sufficient and its terms are satisfactory;  
or

53.12.2 in respect of any risks not insured against, that the same were Uninsurable.

53.13 Neither failure to comply, nor full compliance, with the insurance provisions of this Agreement shall relieve Project Co of its liabilities and obligations under this Agreement.

## Uninsurable Risks

53.14

53.14.1 If a risk usually covered by [contractors' 'all risks' insurance, property damage insurance, third party liability insurance, delay in start up and business interruption insurance (but not loss of profits) or statutory insurances] in each case required under this Agreement becomes Uninsurable then:

(a) Project Co shall notify the Authority of any risk becoming Uninsurable within five (5) Business Days of becoming aware of the same and in any event at least five (5) Business Days before expiry or cancellation of any existing insurance in respect of that risk; and

(b) if both parties agree, or it is determined in accordance with the Dispute Resolution Procedure that the risk is Uninsurable and that:

(i) the risk being Uninsurable is not caused by the actions of Project Co or any sub-contractor of Project Co (of any tier); and

(ii) Project Co has demonstrated to the Authority that Project Co and a prudent board of directors of a company operating the same or substantially similar businesses in the United Kingdom to that operated by Project Co would in similar circumstances (in the absence of the type of relief envisaged by this Clause) be acting reasonably and in the best interests

of the company if they resolved to cease to operate such businesses as a result of that risk becoming Uninsurable, taking into account inter alia (and without limitation) the likelihood of the Uninsurable risk occurring (if it has not already occurred), the financial consequences for such company if such Uninsurable risk did occur (or has occurred) and other mitigants against such consequences which may be available to such company

the parties shall meet to discuss the means by which the risk should be managed or shared (including considering the issue of self-insurance by either party).

53.14.2 If the requirements of Clause [ REF \_Ref321246265 \w \h ] are satisfied, but the parties cannot agree as to how to manage or share the risk, then:

- (a) where such requirements are satisfied in respect of such third party liability insurance the Authority shall (at the Authority's option) either pay to Project Co an amount equal to the amount calculated in accordance with Section [ REF SchedulePart17Section3 \h \\* MERGEFORMAT ] (*Compensation on Termination for Force Majeure*) of Schedule Part [ REF SchedulePart17 \h ] (*Compensation on Termination*) and this Agreement will terminate, or elect to allow this Agreement to continue and Clause [ REF \_Ref321246335 \w \h ] below shall thereafter apply in respect of such risk; and
- (b) where such requirements are satisfied in respect of [contractors' 'all risks' insurance, property damage insurance, third party liability insurance (if the Authority elects to allow this Agreement to continue in accordance with Clause [ REF \_Ref321246279 \w \h ]), delay in start up and business interruption insurance (but not loss of profits) or statutory insurances] this Agreement shall continue and on the occurrence of the risk (but only for as long as such risk remains Uninsurable) the Authority shall (at the Authority's option) either pay to Project Co an amount equal to insurance proceeds that would have been payable had the relevant insurance continued to be available and this Agreement will continue, or an amount equal to the amount calculated in accordance with Section [ REF SchedulePart17Section3 \h \\* MERGEFORMAT ] (*Compensation on Termination for Force Majeure*) of Schedule Part [ REF SchedulePart17 \h ] (*Compensation on Termination*) plus (in relation to third party liability insurance only) the amount of insurance proceeds that would have been payable whereupon this Agreement will terminate; and
- (c) where pursuant to Clauses [ REF \_Ref321246279 \w \h ] and/or [ REF \_Ref321246335 \w \h ] this Agreement continues then the Annual Service Payment shall be reduced in each year for which the relevant insurance is not maintained by an amount equal to the premium paid (or which would have been paid) by Project Co in respect of the relevant risk in the year prior to it becoming Uninsurable (index linked from the date



that the risk becomes Uninsurable) save to the extent that such reduction is otherwise reflected in a reduction in the payments claimed by Project Co pursuant to paragraph [ REF \_Ref321400755 \r \h \\* MERGEFORMAT ] of Section [ REF SchedulePart14Section6 \h \\* MERGEFORMAT ] (*Pass Through Costs*) of Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*). Where the risk is Uninsurable for part of a year only the reduction in the Annual Service Payment shall be pro rated to the number of months for which the risk is Uninsurable;

- (d) where pursuant to Clauses [ REF \_Ref321246279 \w \h ] and/or [ REF \_Ref321246335 \w \h ] this Agreement continues Project Co shall approach the insurance market at least every four months to establish whether the risk remains Uninsurable. As soon as Project Co is aware (and, in relation to a risk that has become Uninsurable during the Operational Term, the Authority agrees) that the risk is no longer Uninsurable, Project Co shall take out and maintain or procure the taking out and maintenance of insurance (to be incepted as soon as is reasonably practicable) for such risk in accordance with this Agreement;
- (e) in respect of any period between the Authority receiving notification in accordance with Clause [ REF \_Ref321246580 \w \h ] that a TPL Risk has become Uninsurable and the Authority's notification to the Project Co in accordance with Clause [ REF \_Ref321246279 \w \h ] in respect of such risk then, provided it is ultimately agreed or determined that the requirements of Clause [ REF \_Ref321246610 \w \h ] are satisfied in respect of the Uninsurable TPL Risk and subject to Clause [ REF \_Ref321246622 \w \h ] below, Clause [ REF \_Ref321246335 \w \h ] shall apply in respect of occurrences of the Uninsurable TPL Risk during such period unless the parties otherwise agree how to manage the risk during this period; and
- (f) Clause [ REF \_Ref321246662 \w \h \\* MERGEFORMAT ] shall only apply provided the Project Co does not unreasonably materially delay (a) agreement and/or determination in accordance with the Dispute Resolution Procedure as to whether the requirements of Clause [ REF \_Ref321246610 \w \h ] are satisfied in respect of the Uninsurable TPL Risk and/or (b) meeting with the Authority to discuss the means by which the risk should be managed.

Where this Clause [ REF \_Ref321246688 \w \h ] applies and this Agreement continues, Project Co shall, subject to Clause [ REF \_Ref321246701 \w \h ], be relieved of its obligations to maintain insurance in respect of the relevant Uninsurable Risk.

53.14.3 If, pursuant to Clause [ REF \_Ref321246610 \w \h \\* MERGEFORMAT ], the Authority elects to make payment of compensation to Project Co (such that this Agreement will terminate)(the "**Relevant Payment**"), Project Co shall have the option (exercisable in writing within (20) Business Days of the date of such election by the Authority (the "**Option**

**Period”))** to pay to the Authority on or before the end of the Option Period, an amount equal to the insurance proceeds that would have been payable had the relevant risk not become Uninsurable, in which case this Agreement will continue (and the Relevant Payment will not be made by the Authority), and Project Co’s payment shall be applied for the same purpose and in the same manner as insurance proceeds would have been applied had the relevant risk not become Uninsurable.

53.14.4 During the Operational Term, the Authority shall be entitled to notify Project Co that a risk has become Uninsurable under paragraph (b) of the definition of "Uninsurable". Following such notification Clauses [ REF \_Ref321246610 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321293498 \r \h ] (except Clause [ REF \_Ref326054417 \r \h ]) shall apply as if Project Co has issued a notice under Clause [ REF \_Ref321246580 \r \h ].

### 53.15 Unavailability of terms

53.15.1 If, upon the renewal of any of the Insurances:

- (a) any Insurance Term is not available to Project Co in the worldwide insurance market with reputable insurers of good standing; and/or
- (b) the insurance premium payable for Insurance incorporating such Insurance Term is such that the Insurance Term is not generally being incorporated in insurance procured in the worldwide insurance market with reputable insurers of good standing by contractors in the United Kingdom,

other than, in each case by reason of one or more actions of Project Co and/or any sub-contractor of Project Co (of any tier) then Clause [ REF \_Ref321246817 \r \h ], shall apply.

53.15.2 If it is agreed or determined that Clause [ REF \_Ref321246773 \w \h \\* MERGEFORMAT ] applies then the Authority shall waive Project Co’s obligations in Clauses [ REF \_Ref321244247 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321246011 \w \h \\* MERGEFORMAT ] and/or Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*) in respect of that particular Insurance Term and Project Co shall not be considered in breach of its obligations regarding the maintenance of insurance pursuant to this Agreement as a result of the failure to maintain insurance incorporating such Insurance Term for so long as the relevant circumstances described in Clause [ REF \_Ref321246773 \w \h \\* MERGEFORMAT ] continue to apply to such Insurance Term.

53.15.3 To the extent that the parties agree (acting reasonably), or it is determined pursuant to the Dispute Resolution Procedure, that an alternative or replacement term and /or condition of insurance is available to Project Co in the worldwide insurance market with reputable insurers of good standing which if included in the relevant insurance

policy would fully or partially address Project Co's inability to maintain or procure the maintenance of insurance with the relevant Insurance Term, at a cost which contractors in the UK are (at such time) generally prepared to pay, Project Co shall maintain or procure the maintenance of insurance including such alternative or replacement term and/or condition.

53.15.4 Project Co shall notify the Authority as soon as reasonably practicable and in any event within five (5) days of becoming aware that Clause [ REF \_Ref321246860 \w \h ] and/or Clause [ REF \_Ref321246880 \w \h ] are likely to apply or (on expiry of the relevant insurance then in place) do apply in respect of an Insurance Term (irrespective of the reason for the same). During the Operational Term the Authority shall be entitled to notify Project Co that Clause [ REF \_Ref321246880 \w \h ] is likely to apply or (on expiry of the relevant insurance then in place) does apply in respect of an Insurance Term (irrespective of the reason for the same). Project Co shall provide the Authority with such information as the Authority reasonably requests regarding the unavailability of the Insurance Term and the parties shall meet to discuss the means by which such unavailability should be managed as soon as is reasonably practicable.

53.15.5 In the event that Clause [ REF \_Ref321246860 \w \h ] and/or Clause [ REF \_Ref321246880 \w \h ] apply in respect of an Insurance Term, (irrespective of the reasons for the same) Project Co shall approach the insurance market at least every four months to establish whether Clause [ REF \_Ref321246860 \w \h ] and/or Clause [ REF \_Ref321246880 \w \h ] remain applicable to the Insurance Term. As soon as Project Co is aware that Clause [ REF \_Ref321246860 \w \h ] and/or Clause [ REF \_Ref321246880 \w \h ] has ceased to apply to the Insurance Term and the Authority agrees, Project Co shall take out and maintain or procure the taking out and maintenance of insurance (to be incepted as soon as is reasonably practicable) incorporating such Insurance Term in accordance with this Agreement.

## **Risk Management**

53.16 With effect from the date of this Agreement, the Authority and Project Co shall each designate or appoint an insurance and risk manager and notify details of the same to the other party. Such person shall:

53.16.1 be responsible for dealing with all risk management matters on behalf of its appointing or designating party including (without limitation) ensuring compliance by that party with this Clause [ REF \_Ref321247063 \w \h ];

53.16.2 advise and report to that party on such matters; and

53.16.3 ensure that any report or survey conducted by any insurer of any relevant procedures in relation to the Project is disclosed to the parties.

- 53.17 Without prejudice to the provisions of Clause [ REF \_Ref321247063 \w \h ], the parties shall notify one another, and in Project Co's case the relevant insurer, of any circumstances which may give rise to a claim of a value equal to or in excess of [ ] pounds (£[ ]) (index linked) under the Insurances within [ ] Business Days of becoming aware of the same (or earlier, if so requested by the terms of the relevant insurance policy). If any insurer disputes any such claim, Project Co shall provide the Authority with full details of any disputed claim and the parties shall liaise with one another to ensure that the relevant claim is preserved or pursued.

### **Application of Proceeds**

- 53.18 All insurance proceeds received by Project Co under the insurances referred to in [ ] of Schedule Part [ REF SchedulePart1 \h ] (*Definitions and Interpretation*) and [ ] of Schedule Part [ REF SchedulePart2 \h ] (*Completion Documents*) and paragraph [ REF \_Ref321408686 \w \h ] (*Contractor's "All Risk" Insurance*) of Section [ REF SchedulePart15Section1 \h \\* MERGEFORMAT ] (*Insurance Requirements*) and paragraph [ REF \_Ref321408715 \w \h ] (*Property Damage Insurance*) of Section [ REF SchedulePart15Section2 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and Maintained from the Actual Completion Date*) of Schedule Part [ REF SchedulePart15 \h ] (*Insurance Requirements*) shall be paid into the Insurance Proceeds Account and shall be applied in accordance with this Agreement and in accordance with the Insurance Proceeds Accounts Agreement.

- 53.19 Subject to the provisions of the Funders' Direct Agreement and Clause [ REF \_Ref321245954 \w \h ] (*Reinstatement*) [and Clause [ REF \_Ref325729418 \r \h ] (*Economic Test*)], Project Co shall apply any proceeds of any policies of Insurance:

53.19.1 in the case of third party legal liability or employers' liability insurance, in satisfaction of the claim, demand, proceeding or liability in respect of which such proceeds are payable; and

53.19.2 in the case of any other insurance other than delay in start up or business interruption insurance, so as to ensure the performance by Project Co of its obligations under this Agreement, including where necessary the reinstatement, restoration or replacement of the Facilities, assets, materials or goods affected by the event giving rise to the insurance claim and consequent payment of proceeds.

- 53.20 Where reinstatement monies are required to be released from the Insurance Proceeds Account Project Co shall obtain the Authority's consent in accordance with the Insurance Proceeds Account Agreement. The Authority shall give its consent (or confirm that it is withholding its consent) to the release of monies from the Insurance Proceeds Account within one (1) Business Day of a request from Project Co (provided that such consent must not be unreasonably withheld).

- 53.21 If the proceeds of any insurance claim are insufficient to cover the settlement of such claims, Project Co will make good any deficiency forthwith.

## 53.22 Reinstatement

53.22.1 [Subject to Clause [ REF \_Ref325729418 \r \h ] (*Economic Test*),] all insurance proceeds received under any Physical Damage Policy shall be applied to repair, reinstate and replace each part or parts of the Facilities in respect of which the proceeds were received.

53.22.2 [Subject to Clause [ REF \_Ref325729418 \r \h ] (*Economic Test*),] where a claim is made or proceeds of insurance are received or are receivable under any Physical Damage Policy in respect of a single event (or a series of related events) (the (“**Relevant Incident**”)) in an amount in excess of [ ] pounds (£[ ]) (index-linked):

(a) Project Co shall deliver as soon as practicable and in any event within [28] days after the making of the claim a plan prepared by Project Co for the carrying out of the works necessary (the “**Reinstatement Works**”) to repair, reinstate or replace (the “**Reinstatement Plan**”) the assets which are the subject of the relevant claim or claims in accordance with Clause [ REF \_Ref321247400 \w \h ] below. The Reinstatement Plan shall set out:

(i) if not the Contractor, the identity of the person proposed to effect the Reinstatement Works, which shall be subject to the prior written approval of the Authority; and

(ii) the proposed terms and timetable or, if not then established, the reasonably anticipated terms and timetable upon which the Reinstatement Works are to be effected (including the date that the Project will become fully operational), the final terms of which shall be subject to the prior written approval of the Authority, which approval shall not be unreasonably delayed;

(b) provided that the Authority is satisfied that the Reinstatement Plan will enable Project Co to comply with Clause [ REF \_Ref321247400 \w \h ] below within a reasonable timescale:

(i) the Reinstatement Plan will be adopted and carried out by Project Co;

(ii) Project Co shall enter into contractual arrangements to effect the Reinstatement Works with the person identified in the Reinstatement Plan approved by the Authority;

(iii) prior to the earlier to occur of the Termination Date or the Expiry Date, any amounts standing to the credit of

the Insurance Proceeds Account (the “**Relevant Proceeds**”) (together with any interest accrued) may be withdrawn by Project Co from the Insurance Proceeds Account as required to enable it to make payments in accordance with the terms of the contractual arrangements referred to in Clause [ REF \_Ref321247431 \w \h \\* MERGEFORMAT ] above, and to meet any other reasonable costs and expenses of Project Co for the sole purposes of funding the Reinstatement Works and the parties shall operate the signatory requirements of the Insurance Proceeds Account in order to give effect to such payments. Following the earlier to occur of the Termination Date and the Expiry Date, the Authority may withdraw amounts standing to the credit of the Insurance Proceeds Account for the purposes of funding any Reinstatement Works;

- (iv) the Authority agrees and undertakes that, subject to compliance by Project Co with its obligations under this Clause, and provided that Project Co procures that the Reinstatement Works are carried out and completed in accordance with the contractual arrangements referred to in Clause [ REF \_Ref321247431 \w \h \\* MERGEFORMAT ], it shall not exercise any right which it might otherwise have to terminate this Agreement by virtue of the event which gave rise to the claim for the Relevant Proceeds;
- (v) the Authority undertakes to use reasonable endeavours to assist Project Co in the carrying out of the Reinstatement Plan; and
- (vi) after the Reinstatement Plan has been implemented to the reasonable satisfaction of the Authority and in accordance with Clause [ REF \_Ref321247248 \r \h ] below the Authority shall permit withdrawal by Project Co of any Relevant Proceeds then held in the Insurance Proceeds Account that have not been paid under Clause [ REF \_Ref321247137 \w \h \\* MERGEFORMAT ][ REF \_Ref327444042 \r \h ] above, in respect of the Relevant Incident, together with any interest accrued.
- (vii) subject to the provisions of Clause [ REF \_Ref321245575 \w \h \\* MERGEFORMAT ] (*Project Co Indemnities to Authority*) Project Co shall be solely responsible for the payment of any deficiency.

53.22.3 Where insurance proceeds are to be used, in accordance with this Agreement, to repair, reinstate or replace any Facility, Project Co shall carry out the work in accordance with the Authority’s Construction Requirements so that on completion of the work, the provisions of this Agreement are complied with.

53.22.4 If and to the extent that a breach by Project Co of its obligations under Clause [ REF \_Ref321247137 \w \h \\* MERGEFORMAT ] leads to a delay in the completion of the Reinstatement Works, any entitlement that Project Co has to relief under Clause [ REF \_Ref327444076 \r \h ] (*Relief Events*) shall be suspended.

### **[Economic Test**

53.23 If all of the Facilities are destroyed or substantially destroyed in a single event and the insurance proceeds (when taken together with any other funds available to Project Co) are equal to or greater than the amount required to repair or reinstate the Facilities, then Project Co shall calculate the [senior debt loan life cover ratio] as used in the Financial Model as at Financial Close (on the assumption that the Facilities are repaired or reinstated in accordance with Clause [ REF \_Ref321245954 \r \h \\* MERGEFORMAT ] (*Reinstatement*)).

53.24 If the calculation referred to in Clause [ REF \_Ref325729418 \r \h \\* MERGEFORMAT ] above shows that the [senior debt loan life cover ratio] is greater than or equal to [event of default level] then Project Co shall be subject to the procedure set out in Clause [ REF \_Ref321245954 \r \h \\* MERGEFORMAT ] (*Reinstatement*).

53.25 If the calculation referred to in Clause [ REF \_Ref325729418 \r \h \\* MERGEFORMAT ] above shows that the [senior debt loan life cover ratio] is less than [event of default level] then an amount equal to the lesser of:

53.25.1 the insurance proceeds; and

53.25.2 the Base Senior Debt Termination Amount or, if any Additional Permitted Borrowing has been advanced, the Revised Senior Debt Termination Amount,

shall be released from the Insurance Proceeds Account to Project Co.

53.26 If, pursuant to Clause [ REF \_Ref325729604 \r \h \\* MERGEFORMAT ] above, insurance proceeds are released from the Insurance Proceeds Account, Project Co shall be in breach of its obligations under this Agreement and shall not, pursuant to Clause [ REF \_Ref325729636 \r \h \\* MERGEFORMAT ] (*Relief Events*), be relieved of its obligations unless it can demonstrate to the satisfaction of the Authority that it can carry out the works necessary to repair, reinstate or replace the assets which are subject to the relevant claims in accordance with Clause [ REF \_Ref321247248 \r \h \\* MERGEFORMAT ] and within a reasonable timescale.

## **54 EXCLUSIONS AND LIMITATIONS ON LIABILITY**

### **Exclusions**

- 54.1 The indemnities under this Agreement shall not apply and (without prejudice to the Authority's rights under the Payment Mechanism) there shall be no right to claim damages for breach of this Agreement, in delict or on any other basis whatsoever to the extent that any loss claimed by either party is for loss of profits, loss of use, loss of production, loss of business or loss of business opportunity or is a claim for consequential loss or for indirect loss of any nature ("**Indirect Losses**") suffered or allegedly suffered by either party. The Authority agrees that, notwithstanding the foregoing, any losses of Project Co arising under the Construction Contract and the Service Contracts as originally executed (or as amended in accordance with and subject to Clause [ REF \_Ref321247273 \w \h \\* MERGEFORMAT ] (*Ancillary Documents*)) which are not Indirect Losses shall not be excluded from such a claim solely by reason of this Clause [ REF \_Ref321247286 \w \h \\* MERGEFORMAT ].
- 54.2 The Authority shall not be liable in delict to Project Co or any Project Co Party in respect of any negligent act or omission of the Authority or any Authority Party relating to or in connection with this Agreement and Project Co shall procure that no Project Co Party shall bring such a claim against the Authority. Project Co has accepted this on the basis that it and each Project Co Party will cover the risk of negligent acts or omissions by insurance or in such other manner as it (or they) may think fit.

#### **No Double Recovery**

- 54.3 Subject to:
- 54.3.1 any other express right of the Authority pursuant to this Agreement; and
- 54.3.2 the Authority's right to claim, on or after termination of this Agreement, the amount of its reasonable costs, losses, damages and expenses suffered or incurred by it as a result of rectifying or mitigating the effects of any breach of this Agreement by Project Co save to the extent that the same has already been recovered by the Authority pursuant to this Agreement or has been taken into account to reduce any compensation payable by the Authority pursuant to Clause [ REF \_Ref321247294 \w \h \\* MERGEFORMAT ] (*Compensation on Termination*),
- the sole remedy of the Authority in respect of a failure to provide the Services in accordance with this Agreement shall be the operation of the Payment Mechanism.
- 54.4 Subject to Clause [ REF \_Ref321247306 \w \h \\* MERGEFORMAT ] (*Authority Events of Default*) and any other express right of Project Co pursuant to this Agreement, Project Co's sole remedy in respect of any breach of this Agreement which is a Compensation Event shall be pursuant to Clause [ REF \_Ref321247312 \w \h \\* MERGEFORMAT ] (*Delay Events*).
- 54.5 Nothing in Clause [ REF \_Ref321247320 \w \h \\* MERGEFORMAT ] shall prevent or restrict the right of the Authority to seek interdict or a decree of specific implement or other discretionary remedies of the court.



- 54.6 Notwithstanding any other provision of this Agreement, neither party shall be entitled to recover compensation or make a claim under this Agreement or any other agreement in relation to the Project in respect of any loss that it has incurred (or any failure of the other party) to the extent that it has already been compensated in respect of that loss or failure pursuant to this Agreement or otherwise.
- 54.7 Neither party shall have the right to terminate this Agreement for breach of contract save as expressly set out in this Agreement.

## PART 12: MISCELLANEOUS

### 55 INTELLECTUAL PROPERTY

#### Project Data

55.1 Project Co shall make available to the Authority free of charge (and hereby irrevocably licences the Authority to use) all Project Data that might reasonably be required by the Authority and Project Co shall ensure that it can make the Project Data available to the Authority on these terms, for the purposes of:

55.1.1 the Authority carrying out the Authority Services (and its operations relating to the performance of the Authority Services), its duties under this Agreement and/or any statutory duties that the Authority may have; and

55.1.2 following termination of this Agreement, the design or construction of the Facilities, the operation, maintenance or improvement of the Facilities and/or the carrying out of operations the same as, or similar to, the Project Operations,

(together the "**Approved Purposes**") and in this Clause "use" shall include the acts of copying, modifying, adapting and translating the material in question and/or incorporating them with other materials and the term "the right to use" shall be construed accordingly.

#### Intellectual Property Rights

55.2 Project Co:

55.2.1 hereby grants to the Authority, free of charge, an irrevocable, non-exclusive and transferable (but only to any assignee or transferee of any rights or benefits under this Agreement or upon or at any time following termination of this Agreement) licence (carrying the right to grant sub-licences) to use the Intellectual Property Rights which are or become vested in Project Co; and

55.2.2 shall, where any Intellectual Property Rights are or become vested in a third party, use all reasonable endeavours to procure the grant of a like licence to that referred to in Clause [ REF \_Ref321247486 \w \h ] above to the Authority,

in both cases, solely for the Approved Purposes.

Project Co shall use all reasonable endeavours to ensure that any Intellectual Property Rights created, brought into existence or acquired during the term of this Agreement vest, and remain vested throughout the term of this Agreement, in

Project Co and Project Co shall enter into appropriate agreements with any Project Co Party (or other third parties) that may create or bring into existence, or from which it may acquire, any Intellectual Property Rights.

#### **Maintenance of data**

- 55.3 To the extent that any of the data, materials and documents referred to in this Clause are generated by or maintained on a computer or similar system, Project Co shall use all reasonable endeavours to procure for the benefit of the Authority, at no charge or at the lowest reasonable fee, the grant of a licence or sub-licence for any relevant software to enable the Authority or its nominee to access and otherwise use (subject to the payment by the Authority of the relevant fee, if any) such data for such purposes as the Authority may at its sole discretion require. As an alternative, Project Co may provide such data, materials or documents in a format which may be read by software generally available in the market at the relevant time or in hard copy format.
- 55.4 Project Co shall ensure the back-up and storage in safe custody of the data, materials and documents referred to in Clause [ REF \_Ref321247496 \w \h ] in accordance with Good Industry Practice. Without prejudice to this obligation, Project Co shall submit to the Authority's Representative for approval its proposals for the back-up and storage in safe custody of such data, materials and documents and the Authority shall be entitled to object if the same is not in accordance with Good Industry Practice. Project Co shall comply, and shall cause all Project Co Parties to comply, with all procedures to which the Authority's Representative has given its approval. Project Co may vary its procedures for such back-up and storage subject to submitting its proposals for change to the Authority's Representative, who shall be entitled to object on the basis set out above.

#### **Claims**

- 55.5 Where a claim or proceeding is made or brought against the Authority which arises out of the infringement of any rights in or to any Intellectual Property (other than any Disclosed Data) or because the use of any materials, Plant, machinery or equipment in connection with the Project Operations infringes any rights in or to any Intellectual Property of a third party then, unless such infringement has arisen out of the use of any Intellectual Property by or on behalf of the Authority otherwise than in accordance with the terms of this Agreement, Project Co shall indemnify the Authority at all times from and against all such claims and proceedings and the provisions of Clause [ REF \_Ref321245432 \w \h ] (*Conduct of Claims*) shall apply.

#### **56 DISPUTE RESOLUTION PROCEDURE**

Except where expressly provided otherwise in this Agreement, any dispute arising out of or in connection with this Agreement shall be resolved in accordance with the procedure set out in Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*).

#### **57 ASSIGNATION AND SUB-CONTRACTING**

## Assignment

- 57.1 This Agreement and any other agreement in connection with the Project to which both the Authority and Project Co are a party shall be binding on, and shall enure to the benefit of, Project Co and the Authority and their respective statutory successors and permitted transferees and assignees. [In the case of the Authority, its successors shall include any person to whom the Scottish Ministers, in exercising their statutory powers to transfer property, rights and liabilities of the Authority upon the Authority ceasing to exist, transfers the property, rights and obligations of the Authority under this Agreement and such other agreements in connection with the Project to which the Authority and Project Co are both a party.]
- 57.2 Subject to Clause [ REF \_Ref321247527 \w \h ], Project Co shall not, without the prior written consent of the Authority, assign, novate transfer, sub-contract or otherwise dispose of any interest in this Agreement, [the Independent Tester Contract,] the Construction Contract, the Service Contracts and [any other contract] entered into by Project Co for the purposes of performing its obligations under this Agreement.
- 57.3 The provisions of Clause [ REF \_Ref321244212 \w \h ] do not apply to the grant of any security, in a form approved by the Authority prior to its grant (such approval not to be unreasonably withheld or delayed), for any loan made to Project Co under the Initial Funding Agreements provided that any assignee shall enter into the Funders' Direct Agreement in relation to the exercise of its rights, if the Authority so requires.
- 57.4 The Authority shall be entitled to assign, transfer or dispose of the whole of this Agreement and/or of any agreement entered into in connection with this Agreement to which the Authority and Project Co are both party to:
- 57.4.1 the Scottish Ministers, another Health Board or any other person or body replacing any of the foregoing (or to whom the Scottish Ministers exercising their statutory rights would be entitled to transfer such benefits) covered by the National Health Service (Residual Liabilities) Act 1996; or
- 57.4.2 any other person or body with the prior written consent of Project Co (not to be unreasonably withheld or delayed);
- provided that nothing in this Clause shall restrict the rights of the Scottish Ministers to effect a statutory transfer.

## Sub-contractors

- 57.5 Project Co shall, without prejudice to Clause [ REF \_Ref321247547 \w \h ], procure that none of the persons listed below shall sub-contract all (or substantially all) of their obligations under or in the agreement set out next to its name:

<b>Person</b>	<b>Contract</b>
Contractor	Construction Contract
Service Provider	Service Contract

without, in each case, the prior written consent of the Authority (such consent not to be unreasonably withheld or delayed). To avoid doubt, (i) any failure to comply with Clause [ REF \_Ref321247588 \w \h ] shall be a reasonable ground for withholding consent and (ii) consent shall, without prejudice to the other provisions of Clause [ REF \_Ref321244175 \w \h ], not be required in respect of the appointment of any party currently approved by the Authority as a suitable replacement.

- 57.6 If the contract set out next to the name of any person referred to in Clause [ REF \_Ref321244175 \w \h ] shall at any time lapse, terminate or otherwise cease to be in full force and effect (whether by reason of expiry or otherwise), with the effect that such person shall cease to act in relation to the Project, Project Co shall forthwith appoint a replacement (subject to compliance with Clause [ REF \_Ref321244175 \w \h ]).
- 57.7 Project Co shall procure that any replacement for any person referred to in Clause [ REF \_Ref321244175 \w \h ] [or any Key Sub-Contractor] shall enter into a contract upon the same or substantially similar terms as the person so replaced and shall also enter into a collateral agreement on the same or substantially the same terms as the Collateral Agreement entered into by the person so replaced.
- 57.8 Where Project Co enters into a contract with a sub-contractor for the purposes of carrying out the Project Operations or any part of the Project Operations under this Agreement, Project Co shall cause a term to be included in such contract:
- 57.8.1 which requires payment to be made to the sub-contractor within a specified period not exceeding thirty (30) days from receipt of a valid invoice as defined by the contract requirements and in the case of the provision of Services provides that, for the purpose of payment alone, where the Authority has made payment to Project Co and the sub-contractor's invoice includes Project Operations in relation to which payment has been made by the Authority then, to the extent that it relates to such Project Operations, the invoice shall be treated as valid and payment shall be made to the sub-contractor without deduction (but without prejudice to any right to deduct or set off validly arising under the terms of the contract with the sub-contractor); and
- 57.8.2 which notifies the sub-contractor that the contract forms part of a larger contract for the benefit of the Authority and that should the sub-contractor have any difficulty in securing the timely payment of an invoice that matter may be referred by the sub-contractor to the Authority's Representative; and

- 57.8.3 in the same terms as this Clause [ REF \_Ref321247620 \w \h ] (including for the avoidance of doubt this Clause [ REF \_Ref321247627 \w \h ]) subject only to modification to refer to the correct designation of the equivalent party as the supplier and recipient of the relevant Project Operations as the case may be.

### **Replacement of a non-performing Sub-Contractor**

- 57.9 On the substitution or replacement of a Service Provider due to a breach or default under a Service Contract, Project Co may elect, subject to Clause [ REF \_Ref321247638 \w \h ] and provided that at the time of making such election no notice of termination has been served under this Agreement, that for the purposes of Clause [ REF \_Ref321244371 \w \h ] (*Deductions*) and Clause [ REF \_Ref321244383 \w \h ] (*Warning Notices*) only, all Deductions incurred and Warning Notices served prior to the date of such substitution or replacement shall be disregarded by virtue of Clause [ REF \_Ref321247673 \w \h ] below.
- 57.10 If Project Co makes an election pursuant to Clause [ REF \_Ref321244732 \w \h ] above then, with effect from the date of substitution or replacement of the Service Provider, all Deductions incurred and Warning Notices served prior to that date shall be disregarded for the purposes of Clause [ REF \_Ref321244371 \w \h ] (*Deductions*) and Clause [ REF \_Ref321244383 \w \h ] (*Warning Notices*). For the avoidance of doubt, the Authority shall retain the right to make Deductions in accordance with Schedule Part [ REF SchedulePart14 \h ] (*Payment Mechanism*) in respect of the Availability Failures and/or Performance Failures to which the Deductions and/or Warning Notices are attributable.
- 57.11 Project Co shall be entitled to make an election pursuant to Clause [ REF \_Ref321244732 \w \h ] on a maximum of two occasions during the Project Term.

## **58 OWNERSHIP INFORMATION AND CHANGES IN CONTROL**

- 58.1 Project Co represents and warrants to the Authority that at the date of this Agreement the legal and beneficial ownership of Project Co is as set out in Schedule Part [ REF SchedulePart21 \h \\* MERGEFORMAT ] (*Project Co Information*) and that, [other than any Shareholder pre-emption rights,] no arrangements are in place that have or may have or result in any sale, transfer or disposal of any legal, beneficial, equitable or other interest in any or all of the shares in Project Co.
- 58.2 Project Co shall inform the Authority as soon as reasonably practicable (and in any event, within thirty (30) days) of any Change in Control occurring in respect of Project Co.
- 58.3 The Authority may, not more than [twice] in any Contract Year, or at any time when a Project Co Event of Default is outstanding, require Project Co to inform it, as soon as reasonably practicable and in any event within thirty (30) days of receipt of the Authority's request for details, of any Change in Control in respect of Project Co.

58.4 Project Co's obligations under Clauses [ REF \_Ref321247723 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321247733 \w \h \\* MERGEFORMAT ] above shall, except where a legal transfer of shares has occurred be limited to the extent of Project Co's awareness having made all reasonable enquiry.

58.5 Subject to Clause [ REF \_Ref321247740 \w \h ], prior to the expiry of a period of twelve (12) months commencing on the [final Phase] Actual Completion Date, no Change in Control in any or all of the shares in Project Co shall be permitted without the prior written approval of the Authority. Any Change in Control arising as a consequence of either:

58.5.1 the grant or enforcement of security in favour of the Senior Funders over or in relation to any of the shares of the Project Co, provided that any document conferring security over any shares has been approved by the Authority (such approval not to be unreasonably withheld or delayed); or

58.5.2 any transfer by a Shareholder to an [Associate] of such transferor;

shall be disregarded for the purpose of this Clause [ REF \_Ref321247749 \w \h ] above.

Where Clause [ REF \_Ref328035871 \r \h ] applies and subsequent to any such transfer (the "**Original Transfer**") the transferee ceases to be an [Associate] of the original transferor, it shall be a breach of this Clause [ REF \_Ref321247749 \w \h ] if the shares or interests which were the subject of the Original Transfer are not [within 20 Business Days] of the transferee ceasing to be an Associate of the original transferor, transferred to the original transferor or any Associate of such transferor.

58.6 No Change in Control (at any time) in any or all of the shares in Project Co (or any company (other than a public quoted company whose equity securities are listed on a recognised investment exchange, as defined in section 285 of the Financial Services and Markets Act 2000) holding shares in Hold Co, Project Co or in any company (or its shareholders) holding shares in such a company (or its shareholders)) shall be permitted without the prior written approval of the Authority where the person acquiring control is a Restricted Person.

## 59 MITIGATION

Each of the Authority and Project Co shall at all times take all reasonable steps to minimise and mitigate any loss for which the relevant party is entitled to bring a claim against the other party pursuant to this Agreement.

## 60 DATA PROTECTION

### Data Protection

- 60.1 For the purpose of the following Clauses, the term "personal data" shall have the meaning given to it in the Data Protection Act 1998.
- 60.2 Project Co undertakes to the Authority that it shall comply with the obligations of a "data controller" under the provisions of the Seventh Data Protection Principle as set out in Schedule 1 of the Data Protection Act 1998. In addition, Project Co:
- 60.2.1 warrants that it has, or will have at all material times, (and it shall use best endeavours to procure that all Sub-Contractors (and their agents and sub contractors of any tier have or will have at all material times) the appropriate technical and organisational measures in place against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data held or processed by it and that it has taken, or will take at all material times, all reasonable steps to ensure the reliability of any of its staff which will have access to personal data processed as part of the Project Operations;
- 60.2.2 undertakes that it will act only on the instructions of the Authority in relation to the processing of any personal data made available by or on behalf of the Authority as part of the Project Operations;
- 60.2.3 undertakes that it will only obtain, hold, process, use, store and disclose personal data as is necessary to perform its obligations under this Agreement and (without prejudice to Clause [ REF \_Ref321238910 \w \h \\* MERGEFORMAT ] (*General standards*)) that such data will be held, processed, used, stored and disclosed only in accordance with the Data Protection Act 1998 and any other applicable Law; and
- 60.2.4 undertakes to allow the Authority access to any relevant premises on reasonable notice to inspect its procedures described at Clause [ REF \_Ref321247776 \w \h \\* MERGEFORMAT ] above.

## 61 CONFIDENTIALITY

- 61.1 The Authority shall, subject to Clause [ REF \_Ref321253162 \w \h ] be entitled to make the documents and information listed in this Clause [ REF \_Ref321253211 \w \h ] freely available to the public (which may include, without limitation, publication on the Authority's website):
- 61.1.1 this Agreement;
- 61.1.2 the Independent Tester Contract;
- 61.1.3 the Collateral Agreements;
- 61.1.4 the payment and performance report;



61.1.5 the Financial Model (as updated from time to time in accordance with this Agreement); and

61.1.6 [project specifics]

and Project Co acknowledges and agrees that, subject to the exclusion of information referred to in Clause [ REF \_Ref321253238 \w \h ], the provision or publication of the documents and information listed in this Clause [ REF \_Ref321253211 \w \h ] shall not give rise to any liability under the terms of this Agreement or otherwise. The Authority shall notify Project Co in writing not less than ten (10) Business Days prior to any intended provision or publication of information pursuant to this Clause [ REF \_Ref321253211 \w \h ].

61.2

61.2.1 The parties agree that the provisions of this Agreement and each Ancillary Document shall, subject to Clause [ REF \_Ref321253238 \w \h ] below, not be treated as Confidential Information and may be disclosed without restriction and Project Co acknowledges that the Authority shall, subject to Clause [ REF \_Ref321253238 \w \h ] below, be entitled to make this Agreement and each Ancillary Document available in the public domain.

61.2.2 Clause [ REF \_Ref321253311 \w \h ] above shall not apply to provisions of this Agreement or an Ancillary Document designated as Commercially Sensitive Information and listed in Schedule Part [ REF SchedulePart26 \h ] (*Commercially Sensitive Information*) to this Agreement which shall, subject to Clause [ REF \_Ref321253333 \w \h ] be kept confidential for the periods specified in that Schedule Part [ REF SchedulePart26 \h ] (*Commercially Sensitive Information*).

61.2.3 The parties shall keep confidential all Confidential Information received by one party from the other party relating to this Agreement and Ancillary Documents or the Project and shall use all reasonable endeavours to prevent their employees and agents from making any disclosure to any person of any such Confidential Information.

### **Permitted Disclosure**

61.3 Clauses [ REF \_Ref321253238 \w \h ] and [ REF \_Ref321253371 \w \h ] shall not apply to:

61.3.1 any disclosure of information that is reasonably required by any person engaged in the performance of their obligations under this Agreement for the performance of those obligations;

61.3.2 any matter which a party can demonstrate is already or becomes generally available and in the public domain otherwise than as a result of a breach of this Clause;

- 61.3.3 any disclosure to enable a determination to be made under Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*) or in connection with a dispute between Project Co and any of its subcontractors;
- 61.3.4 any disclosure which is required pursuant to any Law or Parliamentary obligation placed upon the party making the disclosure or the rules of any stock exchange or governmental or regulatory authority having the force of law or, if not having the force of law, compliance with which is in accordance with the general practice of persons subject to the stock exchange or governmental or regulatory authority concerned;
- 61.3.5 any disclosure of information which is already lawfully in the possession of the receiving party, prior to its disclosure by the disclosing party;
- 61.3.6 any provision of information to the parties' own professional advisers or insurance advisers or to the Senior Funders or the Senior Funders' professional advisers or insurance advisers or, where it is proposed that a person should or may provide funds (whether directly or indirectly and whether by loan, equity participation or otherwise) to Project Co to enable it to carry out its obligations under this Agreement, or may wish to acquire shares in Project Co [and/or Hold Co] in accordance with the provisions of this Agreement to that person or their respective professional advisers but only to the extent reasonably necessary to enable a decision to be taken on the proposal;
- 61.3.7 any disclosure by the Authority of information relating to the design, construction, operation and maintenance of the Project and such other information as may be reasonably required for the purpose of conducting a due diligence exercise, to any proposed new contractor, its advisers and lenders, should the Authority decide to retender this Agreement; or
- 61.3.8 any registration or recording of the Consents and property registration required;
- 61.3.9 any disclosure of information by the Authority to any other department, office or agency of the Government or their respective advisers or to the Scottish Futures Trust or to any person engaged in providing services to the Authority for any purpose related to or ancillary to this Agreement;
- 61.3.10 any disclosure for the purpose of:
- (a) the examination and certification of the Authority's or Project Co's accounts;
  - (b) any examination pursuant to section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources;

- (c) complying with a proper request from either party's insurance adviser, or insurer on placing or renewing any insurance policies; or
- (d) (without prejudice to the generality of Clause [ REF \_Ref321253388 \w \h \\* MERGEFORMAT ]) compliance with the FOI(S)A and/or the Environmental Information (Scotland) Regulations;

61.3.11 [disclosure pursuant to Clause [ REF \_Ref321253211 \w \h ]; or]

61.3.12 disclosure to the extent required pursuant to Clause [ REF \_Ref321253410 \w \h ]; [or

61.3.13 identify here disclosure requirements to other public bodies where Facilities are joint facilities;]

provided that, to avoid doubt, neither Clause [ REF \_Ref321253432 \w \h ] nor Clause [ REF \_Ref321253388 \w \h ] above shall permit disclosure of Confidential Information otherwise prohibited by Clause [ REF \_Ref321253371 \w \h ] where that information is exempt from disclosure under section 36 of the FOI(S)A.

61.4 Where disclosure is permitted under Clause [ REF \_Ref321253333 \w \h ], other than under Clauses [ REF \_Ref321253499 \w \h ], [ REF \_Ref321253388 \w \h ], [ REF \_Ref321253522 \w \h ], [ REF \_Ref321253533 \w \h ] and [ REF \_Ref321253542 \w \h ], the party providing the information shall procure that the recipient of the information shall be subject to the same obligation of confidentiality as that contained in this Agreement.

61.5 Project Co shall not make use of this Agreement or any information issued or provided by or on behalf of the Authority in connection with this Agreement otherwise than for the purpose of this Agreement, except with the written consent of the Authority.

61.6 Where Project Co, in carrying out its obligations under this Agreement, is provided with information relating to any Authority Party, Project Co shall not disclose or make use of any such information otherwise than for the purpose for which it was provided, unless Project Co has obtained the prior written consent of that person and has obtained the prior written consent of the Authority.

61.7 On or before the Expiry Date, Project Co shall ensure that all documents or computer records in its possession, custody or control, which contain information relating to any patient or Authority Party including any documents in the possession, custody or control of a Sub-Contractor, are delivered up to the Authority.

61.8 The parties acknowledge that Audit Scotland has the right to publish details of this Agreement (including Commercially Sensitive Information) in its relevant reports to Parliament.

- 61.9 The provisions of this Clause [ REF \_Ref321253554 \w \h \\* MERGEFORMAT ] (Confidentiality) are without prejudice to the application of the Official Secrets Acts 1911 to 1989.

## **Announcements**

- 61.10 Unless otherwise required by any Law or any regulatory or governmental authority (but only to that extent), neither party shall make or permit or procure to be made any public announcement or disclosure (whether for publication in the press, the radio, television screen or any other medium) of any Confidential Information or in the case of Project Co of its (or any Project Co Party's) interest in the Project or, in any such case, any matters relating thereto, without the prior written consent of the other party (which shall not be unreasonably withheld or delayed).

## **62 FREEDOM OF INFORMATION**

- 62.1 Project Co acknowledges that the Authority is subject to the requirements of the FOI(S)A and the Environmental Information (Scotland) Regulations and shall assist and cooperate with the Authority to facilitate the Authority's compliance with its Information disclosure requirements pursuant to the same in the manner provided for in Clauses [ REF \_Ref321253568 \w \h ] to [ REF \_Ref321253580 \w \h ].

- 62.2 Where the Authority receives a Request for Information in relation to Information that Project Co is holding on its behalf and which the Authority does not hold itself the Authority shall refer to Project Co such Request for Information as soon as practicable and in any event within five (5) Business Days of receiving such Request for Information and Project Co shall:

62.2.1 provide the Authority with a copy of all such Information in the form that the Authority requires as soon as practicable and in any event within five (5) Business Days (or such other period as the Authority acting reasonably may specify) of the Authority's request; and

62.2.2 provide all necessary assistance as reasonably requested by the Authority in connection with any such Information, to enable the Authority to respond to the Request for Information within the time for compliance set out in section 10 of the FOI(S)A or Regulation 5 of the Environmental Information (Scotland) Regulations.

- 62.3 Following notification under Clause [ REF \_Ref321253568 \w \h ], and up until such time as Project Co has provided the Authority with all the Information specified in Clause [ REF \_Ref321253609 \w \h ], Project Co may make representations to the Authority as to whether or not or on what basis Information requested should be disclosed, and whether further information should reasonably be provided in order to identify and locate the information requested, provided always that the Authority shall be responsible for determining at its absolute discretion:

62.3.1 whether Information is exempt from disclosure under the FOI(S)A and the Environmental Information (Scotland) Regulations;

62.3.2 whether Information is to be disclosed in response to a Request for Information, and

in no event shall Project Co respond directly, or allow its Sub-Contractors to respond directly, to a Request for Information unless expressly authorised to do so by the Authority.

62.4 Project Co shall ensure that all Information held on behalf of the Authority is retained for disclosure for at least the number of years (from the date it is acquired) [specified in the Authority Policy relating to records retention] and shall permit the Authority to inspect such Information as requested from time to time.

62.5 Project Co shall transfer to the Authority any Request for Information received by Project Co as soon as practicable and in any event within two (2) Business Days of receiving it.

62.6 Project Co acknowledges that any lists provided by it listing or outlining Confidential Information are of indicative value only and that the Authority may nevertheless be obliged to disclose Confidential Information in accordance with the requirements of FOI(S)A and the Environmental (Scotland) Regulations.

62.7 In the event of a request from the Authority pursuant to Clause [ REF \_Ref321253568 \w \h ] Project Co shall as soon as practicable, and in any event within five (5) Business Days of receipt of such request, inform the Authority of Project Co's estimated costs of complying with the request to the extent these would be recoverable, if incurred by the Authority, under section 13(1) of the FOI(S)A and the Fees Regulations. Where such costs (either on their own or in conjunction with the Authority's own such costs in respect of such Request for Information) will exceed the appropriate limit referred to in section 12(1) of the FOI(S)A and as set out in the Fees Regulations (the "**Appropriate Limit**") the Authority shall inform Project Co in writing whether or not it still requires Project Co to comply with the request and where it does require Project Co to comply with the request the ten (10) Business Days period for compliance shall be extended by such number of additional days for compliance as the Authority is entitled to under section 10 of the FOI(S)A. In such case, the Authority shall notify Project Co of such additional days as soon as practicable after becoming aware of them and shall reimburse Project Co for such costs as Project Co incurs in complying with the request to the extent it is itself entitled to reimbursement of such costs in accordance with its own FOI(S)A policy from time to time.

62.8 Project Co acknowledges that (notwithstanding the provisions of Clause [ REF \_Ref321253632 \w \h ] (*Confidentiality*)) the Authority may, acting in accordance with the Scottish Ministers Code of Practice on the Discharge of Functions of Public Authorities under Part 6 of the Freedom of Information (Scotland) Act 2002 (the "**Code**"), and/or having full regard to any guidance or briefings issued by the Scottish Information Commissioner or the Scottish Ministers, be obliged under the FOI(S)A, or the Environmental Information (Scotland) Regulations to disclose Information concerning Project Co or the Project:

- 62.8.1 in certain circumstances without consulting with Project Co; or
- 62.8.2 following consultation with Project Co and having taken their views into account,

provided always that where Clause [ REF \_Ref321299721 \r \h ] above applies the Authority shall, in accordance with the recommendations of the Code, draw this to the attention of Project Co prior to any disclosure.

- 62.9 In the event that the Project Co is or becomes subject to Environmental Information (Scotland) Regulations or FOI(S)A it shall comply with its obligations under Environmental Information (Scotland) Regulations and FOI(S)A. In doing so, it will use reasonable endeavours to consult the Authority before disclosing Information about them or any agreement entered into between the Authority and Project Co.

## 63 INFORMATION AND AUDIT ACCESS

- 63.1 Project Co shall provide to the Authority's Representative all information, documents, records and the like in the possession of, or available to, Project Co (and to this end Project Co shall use all reasonable endeavours to procure that all such items in the possession of the Contractor or any Service Providers shall be available to it and Project Co has included, or shall include, relevant terms in all contracts with the Contractor or any Service Providers to this effect) as may be reasonably requested by the Authority's Representative for any purpose in connection with this Agreement.

- 63.2 For the purpose of:

- 63.2.1 the examination and certification of the Authority's accounts; or

- 63.2.2 any examination pursuant to section 23 of the Public Finance and Accountability (Scotland) Act 2000 of the economy, efficiency and effectiveness with which the Authority has used its resources,

the Auditor General for Scotland may examine such documents as he may reasonably require which are owned, held or otherwise within the control of Project Co (and Project Co shall procure that any person acting on its behalf who has such documents and/or other information shall also provide access) and may require Project Co to produce such oral or written explanations as he considers necessary.

- 63.3 Project Co shall provide and shall procure that its Sub-Contractors shall provide such information as the Authority may reasonably require from time to time to enable it to meet its obligations to provide reports and returns pursuant to regulations, directions or guidance applicable to the Authority including, without limitation, reports and returns regarding the physical condition of buildings occupied by the Authority, health and safety, under the firecode, relating to

environmental health and to comply with [requirements for the provision of information relating to achievement of customer service targets].

64 **NOTICES**

64.1 All notices under this Agreement shall be in writing and all certificates, notices or written instructions to be given under the terms of this Agreement shall be served by sending the same by first class post, [facsimile] or by hand, leaving the same at:

If to Project Co      Address:

If to the Authority      Address:

64.2 Where any information or documentation is to be provided or submitted to the Authority's Representative or the Project Co Representative it shall be provided or submitted by sending the same by first class post, [facsimile] or by hand, leaving the same at:

If to Project Co's Representative      Address:

If to the Authority's Representative      Address:

(copied in each case to the Authority)

64.3 Either party to this Agreement (and either Representative) may change its nominated address [or facsimile number] by prior notice to the other party.

64.4 Notices given by post shall be effective upon the earlier of (i) actual receipt, and (ii) five (5) Business Days after mailing. Notices delivered by hand shall be effective upon delivery. [Notices given by facsimile shall be deemed to have been received where there is confirmation of uninterrupted transmission by a transmission report and where there has been no telephonic communication by the recipient to the senders (to be confirmed in writing) that the facsimile has not been received in legible form:

64.4.1 within two (2) hours after sending, if sent on a Business Day between the hours of 9am and 4pm; or

64.4.2 by 11am on the next following Business Day, if sent after 4pm, on a Business Day but before 9am on that next following Business Day.]

65 **NO WAIVER**

65.1 Any relaxation, forbearance, indulgence or delay (together "**indulgence**") of any party in exercising any right shall not be construed as a waiver of the right and shall not affect the ability of that party subsequently to exercise that right or to pursue any remedy, nor shall any indulgence constitute a waiver of any other right (whether against that party or any other person).

**Continued effect – no waiver**

65.2 Notwithstanding any breach of this Agreement by either party, and without prejudice to any other rights which the other party may have in relation to it, the other party may elect to continue to treat this Agreement as being in full force and effect and to enforce its rights under this Agreement. The failure of either party to exercise any right under this Agreement, including any right to terminate this Agreement and any right to claim damages, shall not be deemed a waiver of such right for any continuing or subsequent breach.

66 **NO AGENCY**

66.1 Nothing in this Agreement shall be construed as creating a partnership or as a contract of employment between the Authority and Project Co.

66.2 Save as expressly provided otherwise in this Agreement, Project Co shall not be, or be deemed to be, an agent of the Authority and Project Co shall not hold itself out as having authority or power to bind the Authority in any way.

66.3 Without limitation to its actual knowledge, Project Co shall for all purposes of this Agreement, be deemed to have such knowledge in respect of the Project as is held (or ought reasonably to be held) by any Project Co Party.

67 **ENTIRE AGREEMENT**

67.1 Except where expressly provided otherwise in this Agreement, this Agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings concerning the subject matter of this Agreement.

67.2 Each of the parties acknowledges that:

67.2.1 it does not enter into this Agreement on the basis of and does not rely, and has not relied, upon any statement or representation (whether negligent or innocent) or warranty or other provision (in any case whether oral, written, express or implied) made or agreed to by any person (whether a party to this Agreement or not) except those expressly repeated or referred to in this Agreement and the only remedy or remedies available in respect of any misrepresentation or untrue



statement made to it shall be any remedy available under this Agreement; and

67.2.2 this Clause shall not apply to any statement, representation or warranty made fraudulently, or to any provision of this Agreement which was induced by fraud, for which the remedies available shall be all those available under the law governing this Agreement.

## 68 **THIRD PARTY RIGHTS**

Save to the extent expressly provided in this Agreement and, to avoid doubt, without prejudice to the terms of the Funders' Direct Agreement or the rights of any permitted successor to the rights of Project Co or of any permitted assignee, it is expressly declared that no rights shall be conferred under and arising out of this Agreement upon any person other than the Authority and Project Co and without prejudice to the generality of the foregoing, there shall not be created by this Agreement a *jus quaesitum tertio* in favour of any person whatsoever.

## 69 **SEVERABILITY**

If any provision of this Agreement shall be declared invalid, unenforceable or illegal by the courts of any jurisdiction to which it is subject, such provision may be severed and such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Agreement.

## 70 **CONFLICTS OF AGREEMENTS**

In the event of any conflict between this Agreement and the Project Documents, the provisions of this Agreement shall prevail.

## 71 **COSTS AND EXPENSES**

Each party shall be responsible for paying its own costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement.

## 72 **FURTHER ASSURANCE**

Each party shall do all things and execute all further documents necessary to give full effect to this Agreement.

## 73 **GOVERNING LAW AND JURISDICTION**

73.1 This Agreement shall be considered as a contract made in Scotland and shall be subject to the laws of Scotland.

73.2 Subject to the provisions of the Dispute Resolution Procedure, both parties agree that the courts of Scotland shall have exclusive jurisdiction to hear and settle any action, suit, proceeding or dispute in connection with this Agreement and irrevocably submit to the jurisdiction of those courts.

**IN WITNESS WHEREOF** these presents typewritten on this and the preceding [ ] pages together with the Schedule in [ ] Parts are executed by the parties hereto as follows:

## SCHEDULES

### SCHEDULE PART 1

#### DEFINITIONS AND INTERPRETATION

##### SECTION 1

In this Agreement unless the context otherwise requires:

- “5 Year Maintenance Plan”** means the plan, to be prepared by or on behalf of Project Co, for any works for the maintenance or repair of the Facilities, including the renewal or replacement of plant or equipment as necessary, during each rolling five year period for the duration of the Project Term;
- [“Acquired Rights Directive”]** [means Council Directives 77/187/EEC and 2001/23/EC];
- “Actual Commissioning End Date”** means the date specified in the Commissioning Completion Certificate issued by the Independent Tester pursuant to Clause [ REF \_Ref321253658 \w \h \\* MERGEFORMAT ];
- “Actual Completion Date”** means the later of:
- (a) the date stated in the Certificate of Practical Completion issued by the Independent Tester pursuant to Clause [ REF \_Ref328407535 \r \h ]; and
  - (b) subject to Clause [ REF \_Ref321239585 \r \h \\* MERGEFORMAT ], the Completion Date;
- “Actual Liability”** has the meaning given in Clause [ REF \_Ref321245727 \w \h \\* MERGEFORMAT ];
- “Additional Permitted Borrowing”** means on any date, the amount equal to any amount of principal outstanding under the Senior Funding Agreements (as the same may from time to time be amended, whether or not with the approval of the Authority) in excess of the amount of principal scheduled under the Senior Funding Agreements at Financial Close to be outstanding at that date,
- but only to the extent that:
- (a) this amount is less than or equal to the Additional Permitted Borrowings Limit; and
  - (b) in respect of any Additional Permitted Borrowing the Agent is not in material

breach of its obligations under clause 9.4.3 of the Funders' Direct Agreement as it applies to such Additional Permitted Borrowing,

and provided further that any such excess amount of principal which is:

- (i) invested as part of any Qualifying Change; or
- (ii) outstanding from time to time as a result of any drawing under the Senior Funding Agreements as entered into at the date of this Agreement, disregarding any subsequent amendment; or
- (iii) outstanding from time to time as a result of any amendment to the Senior Funding Agreements in respect of which the Authority has agreed that its liabilities on a termination may be increased pursuant to Clause [ REF\_Ref321238801 \r \h \\* MERGEFORMAT ]

shall not be counted as Additional Permitted Borrowing;

**“Additional Permitted Borrowings Limit”**

means an amount equal to:

- (a) 10% of the Original Senior Commitment, for any Additional Permitted Borrowing subsisting in the period from the date of Financial Close to the date on which the amount outstanding under the Senior Funding Agreements is reduced to 50% or less of the Original Senior Commitment; and thereafter
- (b) the higher of:
  - (i) 5% of the Original Senior Commitment; and
  - (ii) the amount of any Additional Permitted Borrowing outstanding on the last day of the period referred to in paragraph (a);

**“Adjudicator”**

has the meaning given in paragraph [ REF\_Ref321300475 \r \h \\* MERGEFORMAT ] of Schedule Part [ REF\_SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*);

<b>“Affiliate”</b>	means, in relation to any person, any holding company or subsidiary of that person or any subsidiary of such holding company, and <b>“holding company”</b> and <b>“subsidiary”</b> shall have the meaning given to them in section 1159 of the Companies Act 2006;
<b>“Agent”</b>	has the meaning given in the Funders' Direct Agreement;
<b>“Agreed Order of Priorities”</b>	has the meaning given in the Articles of Association;
<b>“Ancillary Documents”</b>	means the Construction Contract, the Service Contracts and the Performance Guarantees [and [to be inserted]], all as the same may be amended or replaced from time to time;
<b>“Ancillary Rights”</b>	means such rights as set out in Section [ REF SchedulePart5Section3 \h \* MERGEFORMAT ] ( <i>Ancillary Rights</i> ) of Schedule Part [ REF SchedulePart5 \h \* MERGEFORMAT ] ( <i>Land Matters</i> );
<b>“Annual Service Payment”</b>	has the meaning given in Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> );
<b>“Approved RDD Item”</b>	means an item of Reviewable Design Data which has been returned or has been deemed to have been returned endorsed either "Level A – no comment" or "Level B – proceed subject to amendment as noted" by the Authority's Representative pursuant to the provisions of Clause [ REF _Ref321254452 \w \h \* MERGEFORMAT ] ( <i>Design, Construction and Commissioning Process</i> ) and Schedule Part [ REF SchedulePart8 \h \* MERGEFORMAT ] ( <i>Review Procedure</i> ) (provided that in the case of any item of Reviewable Design Data which has been returned or has been deemed to have been returned endorsed "Level B – proceed subject to amendment as noted" Project Co has taken account of the Authority's Representative's comments), as such item of Reviewable Design Data may be varied or amended from time to time in accordance with Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] ( <i>Change Protocol</i> );
<b>“Articles of Association”</b>	means Project Co's articles of association, and the term <b>“Articles”</b> shall be construed accordingly;
<b>[“Assigned Employees”</b>	has the meaning given in Clause [ REF _Ref326760453 \r \h ];]
<b>“Associated Companies”</b>	means, in respect of a relevant company, a company which is a Subsidiary, a Holding Company or a company that is a Subsidiary of

	the ultimate Holding Company of that relevant company, and in the case of Project Co shall include [Hold Co] and each of the Shareholders, and the term " <b>Associate</b> " shall be interpreted accordingly;
<b>"Authority Assets"</b>	means the [insert details of Authority existing premises/sites etc] and any other assets and equipment or other property used by, or on behalf of, the Authority or any Authority Party, other than the Facilities;
<b>["Authority Break Point Date"</b>	means [ ];]
<b>"Authority Change"</b>	has the meaning given in Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] ( <i>Change Protocol</i> );
<b>"Authority Change Notice"</b>	has the meaning given in Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] ( <i>Change Protocol</i> );
<b>["Authority Employee"</b>	means in relation to any service equivalent to the Services (or any part thereof), all those persons employed by the Authority under a contract of employment (excluding, to avoid doubt (without limitation), any person engaged by the Authority as an independent contractor or persons employed by any sub-contractor engaged by the Authority) who are wholly or substantially engaged in the provision of that service, as at the Relevant Service Transfer Date;]
<b>"Authority Events of Default"</b>	has the meaning given in Clause [ REF _Ref321254479 \w \h \* MERGEFORMAT ];
<b>"Authority Observer"</b>	means, from time to time, the individual designated as such by the Authority;
<b>"Authority Party"</b>	means any of the Authority's agents, contractors and sub-contractors of any tier and its or their directors, officers and employees at the Facilities with the authority of the Authority but excluding Project Co, any Project Co Party and statutory undertakers and utilities and " <b>Authority Parties</b> " shall be construed accordingly;
<b>"Authority Policies"</b>	means, subject to Clause [ REF _Ref321240596 \w \h \* MERGEFORMAT ], the policies of the Authority set out in the document annexed to this Agreement as Attachment [ ] as amended from time to time;
<b>"Authority Services"</b>	means [ ] and such other services as may be notified to Project Co by the Authority from time to time;
<b>"Authority's Commissioning"</b>	means the Authority's pre-completion commissioning activities to be carried out by the Authority in accordance with Clause [ REF

			<u>Ref321254625 \w \h \* MERGEFORMAT ] (Pre-Completion Commissioning and Completion);</u>
<b>“Authority's Construction Requirements”</b>			means the requirements of the Authority set out or identified in Section [ REF SchedulePart6Section3 \h \* MERGEFORMAT ] ( <i>Authority's Construction Requirements</i> ) of Schedule Part [ REF SchedulePart6 \h \* MERGEFORMAT ] ( <i>Construction Matters</i> ) as amended from time to time in accordance with the terms of this Agreement;
<b>“Authority's Maintenance Obligations”</b>			has the meaning given in Clause [ REF _Ref321240187 \w \h \* MERGEFORMAT ];
<b>“Authority's Commissioning”</b>	<b>Post</b>	<b>Completion</b>	means the Authority's post-completion commissioning activities to be carried out by the Authority in accordance with Clause [ REF _Ref321254671 \w \h \* MERGEFORMAT ] ( <i>Post Completion Commissioning</i> );
<b>“Authority's Representative”</b>			means the person so appointed by the Authority pursuant to Clause [ REF _Ref321254681 \w \h \* MERGEFORMAT ] ( <i>Representatives</i> );
<b>“Availability Failure”</b>			has the meaning given in Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> );
<b>“Base Date”</b>			has the meaning given in paragraph [ REF _Ref321404606 \w \h \* MERGEFORMAT ] of Section [ REF SchedulePart1Section2 \h \* MERGEFORMAT ] ( <i>Interpretation</i> ) of Schedule Part [ REF SchedulePart1 \h \* MERGEFORMAT ] ( <i>Definitions and Interpretation</i> );
<b>“Base Senior Debt Termination Amount”</b>			has the meaning given in Section [ REF SchedulePart17Section6 \h \* MERGEFORMAT ] ( <i>Definitions</i> ) of Schedule Part [ REF SchedulePart17 \h \* MERGEFORMAT ] ( <i>Compensation on Termination</i> );
<b>“Beneficiary”</b>			has the meaning given in Clause [ REF _Ref321245432 \w \h \* MERGEFORMAT ] ( <i>Conduct of Claims</i> );
<b>[“Bulk Transfer”</b>			means, where a Pensionable Authority Employee elects to transfer accrued benefits from a Transferor Scheme to a Transferee Scheme, that the Pensionable Authority Employee shall be awarded benefit credits in the Transferee Scheme which are, in actuarial terms, of equivalent value to the benefit credits which the Pensionable Authority Employee held in the Transferee Scheme immediately prior to the transfer of benefits taking effect;]
<b>“Business Day”</b>			means a day other than a Saturday, Sunday or a bank holiday in Edinburgh;

<b>“Capital Expenditure”</b>	means capital expenditure (as such term is interpreted in accordance with generally accepted accounting principles in the United Kingdom from time to time);
<b>“CDM Regulations”</b>	has the meaning given in Section [ REF SchedulePart6Section2 \h \* MERGEFORMAT ] ( <i>Safety During Construction</i> ) of Schedule Part [ REF SchedulePart6 \h \* MERGEFORMAT ] ( <i>Construction Matters</i> );
<b>“Certificate of Practical Completion”</b>	means a certificate in the relevant form set out in Schedule Part [ REF SchedulePart22 \h \* MERGEFORMAT ] ( <i>Certificates</i> );
<b>“Change”</b>	has the meaning given in Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] ( <i>Change Protocol</i> );
<b>“Change in Control”</b>	means: <ul style="list-style-type: none"> <li>(a) any sale or other disposal of any legal, beneficial or equitable interest in any or all of the equity share capital of a corporation (including the control over the exercise of voting rights conferred on that equity share capital, control over the right to appoint or remove directors or the rights to dividends); and/or</li> <li>(b) any other arrangements that have or may have or which result in the same effect as paragraph (a) above;</li> </ul>
<b>“Change in Law”</b>	means the coming into effect or repeal (without re-enactment or consolidation) in Scotland of any Law, or any amendment or variation to any Law, or any judgement of a relevant court of law which changes binding precedent in Scotland in each case after the date of this Agreement;
<b>“Collateral Agreements”</b>	means the Contractor's Collateral Agreement, the Service Providers' Collateral Agreements [and the Key Sub-Contractor Collateral Agreements];
<b>“Commencement Date”</b>	means [the date of this Agreement];
<b>“Commercially Sensitive Information”</b>	means the sub set of Confidential Information listed in [column 1 of Part 1 (Commercially Sensitive Contractual Provisions) and column 1 of Part 2 (Commercially Sensitive Material) of Schedule Part [ REF SchedulePart26 \h \* MERGEFORMAT ] ( <i>Commercially Sensitive Information</i> ) in each case for the period specified in column 2 of Parts 1 and 2 of Schedule Part [ REF SchedulePart26 \h \* MERGEFORMAT ] ( <i>Commercially Sensitive Information</i> )];
<b>“Commissioners”</b>	has the meaning given in Clause [ REF



	<code>_Ref321243552 \w \h \* MERGEFORMAT ];</code>
<b>“Commissioning Completion Certificate”</b>	means a certificate in the relevant form set out in Schedule Part [ REF SchedulePart22 \h \* MERGEFORMAT ] ( <i>Certificates</i> );
<b>“Commissioning End Date”</b>	means the date by which the parties' commissioning activities are programmed to be completed in accordance with the Final Commissioning Programme;
<b>[“Committed Standby Facility”</b>	means [        ];]
<b>“Compensation Event”</b>	has the meaning given in Clause [ REF _Ref321254872 \w \h \* MERGEFORMAT ];
<b>“Compensation Payment”</b>	has the meaning given in Clause [ REF _Ref321244931 \w \h \* MERGEFORMAT ];
<b>“Completion Criteria”</b>	means the Completion Tests as defined in Appendix [        ] of Schedule Part [ REF SchedulePart10 \h \* MERGEFORMAT ] ( <i>Outline Commissioning Programme</i> ) [and as may be applicable to each Phase];
<b>“Completion Date”</b>	means [        ] or such revised date as may be specified by the Authority's Representative pursuant to Clause [ REF _Ref327450956 \r \h ] ( <i>Delay Events</i> ) or such other date as may be agreed by the parties;
<b>“Confidential Information”</b>	means: <ul style="list-style-type: none"> <li>(a) information that ought to be considered as confidential (however it is conveyed or on whatever media it is stored) and may include information whose disclosure would, or would be likely to, prejudice the commercial interests of any person, trade secrets, Intellectual Property Rights and know-how of either party and all personal data and sensitive personal data within the meaning of the Data Protection Act 1988 and</li> <li>(b) Commercially Sensitive Information;</li> </ul>
<b>“Consents”</b>	means all permissions, consents, approvals, certificates, permits, licences, statutory agreements and authorisations required by Law, and all necessary consents and agreements from any third parties (including, without limitation, any Planning Permission), needed to carry out the Project Operations in accordance with this Agreement;
<b>“Construction Contract”</b>	means the design and build contract dated the same date as this Agreement between Project Co and the Contractor (which, as at the date of this Agreement, is in the Agreed Form) as amended

or replaced from time to time in accordance with this Agreement;

**“Construction Phase”**

means [in respect of a Phase] the period from and including the date of execution of this Agreement to and including the Actual Completion Date [relevant Phase Actual Completion Date];

**“Construction Quality Plan”**

means the document at Section [ REF SchedulePart6Section8 \h \\* MERGEFORMAT ] (*Quality Plans (Design and Construction)*) of Schedule Part [ REF SchedulePart6 \h \\* MERGEFORMAT ] (*Construction Matters*);

**“Contamination”**

means all or any pollutants or contaminants, including any chemical or industrial, radioactive, dangerous, toxic or hazardous substance, waste or residue (whether in solid, semi-solid or liquid form or a gas or vapour) and including without limitation genetically modified organisms;

**“Contract Month”**

means a calendar month provided that:

- (a) the first Contract Month shall be the period from and including the Payment Commencement Date to and including the last day of the calendar month in which the Payment Commencement Date falls; and
- (b) the last Contract Month shall be the period from and including the first day of the calendar month in which the Expiry Date or Termination Date (as the case may be) falls to and including the Expiry Date or the Termination Date (as the case may be);

**“Contract Year”**

means the period of twelve (12) calendar months commencing on and including [the date of this Agreement] and each subsequent period of twelve (12) calendar months commencing on each anniversary of [the date of this Agreement], provided that the final Contract Year shall be such period as commences on and includes the anniversary of [the date of this Agreement] that falls in the year in which this Agreement expires or is terminated (for whatever reason) and ends on and includes the date of expiry or earlier termination of this Agreement (as the case may be);

**“Contracting Associate”**

means the Contractor, any Service Provider and [any other entity which performs on behalf of Project Co any material function in connection with this Agreement or the Project Operations];

**“Contractor”**

means [ ] engaged by Project Co to carry out the Works and any substitute design and/or

	building contractor engaged by Project Co as may be permitted by this Agreement;
<b>“Contractor's Collateral Agreement”</b>	means a collateral agreement among the Authority, Project Co and the Contractor in the form set out in Section [ REF SchedulePart19Section1 \h \* MERGEFORMAT ] of Schedule Part [ REF SchedulePart9 \h \* MERGEFORMAT ] ( <i>Collateral Agreements</i> );
<b>“Contractor's Site Manager”</b>	means the manager to be appointed by the Contractor for purposes of supervision of all day-to-day activities on the Site;
<b>“Contractor's Site Rules”</b>	means the Contractor's rules, applicable on the Site to the Authority, Project Co, the Contractor and their respective sub-contractors and suppliers of every tier during the construction of the Facilities;
<b>“Convictions”</b>	means, other than in relation to minor road traffic offences, any previous or pending prosecutions, convictions, cautions and binding-over orders (including any spent convictions as contemplated by section 1(1) of The Rehabilitation of Offenders Act 1974 by virtue of the exemptions specified in Part II of Schedule 1 of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 (SI 1975/1023) and the Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Order 2003 Scottish SI 2003/231) or any replacement or amendment to those Orders);
<b>“Decanting and Decommissioning”</b>	means [see Clause [ REF _Ref325963305 \r \h \* MERGEFORMAT ]];
<b>“Deduction”</b>	means a deduction to be made in calculating a Monthly Service Payment, calculated in accordance with Section [ REF SchedulePart14Section3 \h \* MERGEFORMAT ] ( <i>Deductions from Monthly Service Payments</i> ) of Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> );
<b>“Deemed Liability”</b>	has the meaning given in Clause [ REF _Ref321245727 \w \h \* MERGEFORMAT ];
<b>“Default Interest”</b>	means any increased margin that is payable to the Senior Funders or which accrues as a result of any payment due to the Senior Funders not being made on the date on which it is due;
<b>“Default Interest Rate”</b>	means 2% over LIBOR;
<b>“Defects”</b>	means any defect or fault in the Works and/or the Facilities (not being a Snagging Matter) which occurs due to a failure by Project Co to meet the Authority's Construction Requirements and/or Project Co's Proposals or otherwise to comply

	with its obligations under this Agreement;
<b>“Delay Event”</b>	has the meaning given in Clause [ REF _Ref321254982 \w \h \* MERGEFORMAT ];
<b>[“Derogated Low Value Change”</b>	has the meaning given in Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] ( <i>Change Protocol</i> );]
<b>“Design Data”</b>	means all drawings, reports, documents, plans, software, formulae, calculations and other data relating to the design, construction, testing and/or operation of the Facilities;
<b>“Design Quality Plan”</b>	means the document at Section [ REF SchedulePart6Section8 \h \* MERGEFORMAT ] ( <i>Quality Plans (Design and Construction)</i> ) of Schedule Part [ REF SchedulePart6 \h \* MERGEFORMAT ] ( <i>Construction Matters</i> );
<b>“Direct Losses”</b>	means, subject to the provisions of Clause [ REF _Ref321247286 \w \h \* MERGEFORMAT ], all damage, losses, liabilities, claims, actions, costs, expenses (including the cost of legal or professional services, legal costs being on an agent/client, client paying basis), proceedings, demands and charges whether arising under statute, contract or at common law but, to avoid doubt, excluding Indirect Losses;
<b>“Disclosed Data”</b>	means any Design Data and any other written information, data and documents [(excluding for the avoidance of doubt information contained in the First Employee List or any subsequently updated version of that list)] made available or issued to Project Co or any Project Co Party in connection with the Project by or on behalf of the Authority (or any Authority Party) whether on, before or after the execution of this Agreement;
<b>“Discriminatory Change in Law”</b>	means any Change in Law the effect of which is to discriminate directly against: <ul style="list-style-type: none"> <li>(a) [facilities] whose design, construction, financing and operation are procured under the private finance initiative in relation to other similar projects; or</li> <li>(b) companies undertaking projects procured by contracts under the private finance initiative in relation to other companies undertaking similar projects; or</li> <li>(c) the [insert name of the Facilities] in relation to other similar facilities; or</li> <li>(d) Project Co in relation to other companies,</li> </ul>

save:

- (i) where such Change in Law is in response to any act or omission on the part of Project Co which is illegal (other than an act or omission rendered illegal by virtue of the Change in Law itself);
- (ii) that such action shall not be deemed to be discriminatory solely on the basis that its effect on Project Co is greater than its effect on other companies; and
- (iii) that a change in taxes or the introduction of a tax affecting companies generally or a change in VAT shall be deemed not to be discriminatory in any circumstances (to avoid doubt, such changes being given effect in accordance with Clause [ REF \_Ref321293222 \r \h \\* MERGEFORMAT ] (VAT and Construction Industry Tax Deduction Scheme);

**“Dispute”** has the meaning given in paragraph [ REF \_Ref321409098 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*);

**“Dispute Resolution Procedure”** means the procedure set out in Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*);

**“Emergency”** means an event causing or, in the reasonable opinion of a party, threatening to cause death or injury to any individual, or serious disruption to the lives of a number of people or extensive damage to property, or contamination of the environment, in each case on a scale beyond the capacity of the emergency services or preventing the Services operating under normal circumstances and requiring the mobilisation and organisation of the emergency services;

**[“Employee Transfer”** means a relevant transfer of an undertaking in accordance with the Transfer Regulations;]

**“Encumbrance”** means any option, right of pre-emption, pledge, security, interest, lien, charge, mortgage, lease, licence, claim, condition, retention or other encumbrance or restriction whether imposed by agreement, by law or otherwise;

**“Environmental Information Regulations (Scotland)”** means the Environmental Information (Scotland) Regulations 2004 together with any guidance and/or codes of practice issued by the Scottish Information Commissioner or relevant Government Department in relation to such

	regulations;
<b>[“Equal Pay Adjustment”</b>	means in relation to any Transferring Authority Employee any alteration to salaries and pay scales in order to settle, address or compromise threatened or extant claims or grievances under the Equal Pay Legislation (including, for the avoidance of doubt, as a result of an Equal Pay Ruling) which has its origin in any act or omission of the Authority before the Relevant Service Transfer Date and whether such claim relates to the periods before and/or after the Relevant Service Transfer Date against the Authority or Project Co;
<b>[“Equal Pay Legislation”</b>	means any and all the legislation relating to equality of pay between men and women consisting of the Equal Pay Act 1970, the Sex Discrimination Act 1975, Article 157 of the Treaty on the Functioning of the European Union, the Equal Treatment Directive (Recast) (2006/54/EC), and Chapters 1 and 3 of Part 5 to the Equality Act 2010;]
<b>[“Equal Pay Ruling”</b>	means the determination by an employment tribunal or court of competent jurisdiction or any settlement or compromise to which the Authority has given consent (such consent not to be unreasonably withheld or delayed) in relation to any claim or grievance brought by any Transferring Authority Employee against the Authority or Project Co or a Service Provider under the Equal Pay Legislation which has its origin in any act or omission of the Authority before the Relevant Service Transfer Date and whether such claim relates to the periods before and/or after the Relevant Service Transfer Date, that the terms and conditions of employment relating to the pay of the Transferring Authority Employee contravene Equal Pay Legislation;]
<b>“Equipment”</b>	means [            ];
<b>“Estimated Deductions”</b>	has the meaning given in Clause [ REF _Ref321242768 \r \h \* MERGEFORMAT ];
<b>“Estimated Increased Maintenance Costs”</b>	has the meaning given in Clause [ REF _Ref321240158 \r \h \* MERGEFORMAT ];
<b>“Excusing Cause”</b>	has the meaning given in Clause [ REF _Ref321293327 \r \h \* MERGEFORMAT ];
<b>“Expiry Date”</b>	means [midnight] on [date];
<b>“Facilities”</b>	means [the buildings and other facilities, together with all supporting infrastructure (including the Plant and [the Group 1 Equipment]), external hard-standings, specialist surfaces and other amenities located on the Site (including as a minimum all aspects detailed within Appendix B

	to Section [ REF SchedulePart12Section1 \h \* MERGEFORMAT ] ( <i>Service Level Specification</i> ) of Schedule Part [ REF SchedulePart12 \h \* MERGEFORMAT ] ( <i>Service Requirements</i> )), as required to enable Project Co to comply with its obligations under this Agreement, all as the same may be varied, amended or supplemented from time to time in accordance with this Agreement;]
<b>["Facility Manager"</b>	means Project Co's duty manager who shall be present at the Facilities in accordance with the Service Level Specification;]
<b>"Fees Regulations"</b>	means the Freedom of Information (Fees for Required Disclosure (Scotland)) Regulations 2004;
<b>"Final Commissioning Programme"</b>	means the programme jointly developed and agreed by the Authority and Project Co in accordance with the provisions of Clause [ REF _Ref321293348 \r \h \* MERGEFORMAT ];
<b>["Final Employee List"</b>	has the meaning given in Clause [ REF _Ref326918285 \r \h ];]
<b>"Financial Close"</b>	means the date of this Agreement;
<b>"Financial Model"</b>	means the computer spreadsheet model for the Project incorporating statements of Project Co's cashflows including all expenditure, revenues, financing and taxation of the Project Operations together with the profit and loss accounts and balance sheets for Project Co throughout the Project Term accompanied by details of all assumptions, calculations and methodology used in their compilation and any other documentation necessary or desirable to operate the model, as amended from time to time in accordance with the terms of Clause [ REF _Ref321293357 \r \h \* MERGEFORMAT ] ( <i>Financial Model</i> ), a copy of which is attached to this Agreement on disk as Attachment [ ];
<b>"Finishes"</b>	means those finishes listed in the table set out in paragraph [ REF _Ref321304933 \w \h \* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \* MERGEFORMAT ] ( <i>Review Procedure</i> );
<b>"Finishes Proposal Date"</b>	means, in relation to a Finish, the relevant date identified in the table set out in paragraph [ REF _Ref321304933 \w \h \* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \* MERGEFORMAT ] ( <i>Review Procedure</i> );
<b>"Finishes Selection Date"</b>	means, in relation to a Finish, the relevant date identified in the table set out in paragraph [ REF _Ref321304933 \w \h \* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \* MERGEFORMAT ]

	MERGEFORMAT ] ( <i>Review Procedure</i> );
["First Employee List"]	has the meaning given in Clause [ REF _Ref326760756 \r \h ];]
"First Party"	has the meaning given in Clause [ REF _Ref321243552 \r \h \* MERGEFORMAT ];
"FOI(S)A"	means the Freedom of Information (Scotland) Act 2002 and any subordinate legislation (as defined in section 73 of the Freedom of Information (Scotland) Act 2002) made under the Freedom of Information (Scotland) Act 2002 from time to time together with any guidance and/or codes of practice issued by the Scottish Information Commissioner or relevant Government department in relation to such Act;
"Force Majeure"	has the meaning given in Clause [ REF _Ref321293378 \r \h \* MERGEFORMAT ] ( <i>Force Majeure</i> );
"Functional Area"	means an area of the Facilities identified as such in [Appendix [ REF SchedulePart14Appendix2 \h \* MERGEFORMAT ] to Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> )];
"Funders"	means all or any of the persons who provide financing or funding in respect of the Project Operations under the Funding Agreements including [ ] and, where the context so permits, prospective financiers or funders;
"Funders' Direct Agreement"	means the agreement to be entered into between the Authority, the Senior Funders and Project Co in the form set out in Schedule Part [ REF SchedulePart4 \h \* MERGEFORMAT ] ( <i>Funders' Direct Agreement</i> );
"Funding Agreements"	means all or any of the agreements or instruments to be entered into by Project Co or any of its Associates relating to the financing of the Project Operations (including the Initial Funding Agreements and any agreements or instruments to be entered into by Project Co or any of its Associates relating to the rescheduling of their indebtedness or the refinancing of the Project Operations);
"Funding Default"	means [ ];
"Good Industry Practice"	means using standards, practices, methods and procedures conforming to the Law and exercising that degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person engaged in a similar type of undertaking under the same or similar



	circumstances;
<b>“Government”</b>	means the government of the United Kingdom or the Scottish Ministers;
<b>“Ground Physical and Geophysical Investigation”</b>	means the investigation of all the conditions of and surrounding the Site and of any extraneous materials in, on or under the Site (including its surface and subsoil) to enable the Facilities to be designed and constructed and the Works to be carried out with due regard for those conditions and the seismic activity (if any) in the region of the Site;
<b>“H&amp;S Conviction”</b>	has the meaning given in Clause [ REF _Ref321244190 \r \h \* MERGEFORMAT ];
<b>“Handback Amount”</b>	has the meaning given in Schedule Part [ REF SchedulePart18 \h \* MERGEFORMAT ] ( <i>Handback Procedure</i> );
<b>“Handback Bond”</b>	has the meaning given in Schedule Part [ REF SchedulePart18 \h \* MERGEFORMAT ] ( <i>Handback Procedure</i> );
<b>“Handback Certificate”</b>	means the certificate of confirmation that the Facilities comply with the Handback Requirements in the relevant form set out in Schedule Part [ REF SchedulePart18 \h \* MERGEFORMAT ] ( <i>Handback Procedure</i> );
<b>“Handback Programme”</b>	has the meaning given in Schedule Part [ REF SchedulePart18 \h \* MERGEFORMAT ] ( <i>Handback Procedure</i> );
<b>“Handback Requirements”</b>	has the meaning given in Schedule Part [ REF SchedulePart18 \h \* MERGEFORMAT ] ( <i>Handback Procedure</i> );
<b>“Handback Works”</b>	has the meaning given in Schedule Part [ REF SchedulePart18 \h \* MERGEFORMAT ] ( <i>Handback Procedure</i> );
<b>“Health and Safety Regime”</b>	means the Food Safety Act 1990 (and associated regulations), the Health & Safety at Work etc Act 1974 (and associated regulations), the Fire Precautions Act 1971, the Environmental Protection Act 1990 and the Water Industry (Scotland) Act 2002 and any similar or analogous health, safety or environmental legislation in force from time to time;
<b>[“Health Board”</b>	means a health board established under section 2 of the National Health Service (Scotland) Act 1978 (or any successor body to any such body established with substantially the same powers or duties);]
<b>“High Value Change Stage 2 Submission”</b>	has the meaning given in Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ]

	( <i>Change Protocol</i> );
<b>"Hold Co"</b>	means [            ];
<b>"Holding Company"</b>	has the meaning given to it in section 1159 of the Companies Act 2006;
<b>"Hours for Programmed Maintenance"</b>	has the meaning given in Appendix [ REF SchedulePart8Appendix2 \h \* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \* MERGEFORMAT ] ( <i>Review Procedure</i> );
<b>"Hours of Operation"</b>	has the meaning given in Appendix [ REF SchedulePart8Appendix2 \h \* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \* MERGEFORMAT ] ( <i>Review Procedure</i> );
<b>"Indemnifier"</b>	has the meaning given in Clause [ REF _Ref321245432 \r \h \* MERGEFORMAT ] ( <i>Conduct of Claims</i> );
<b>"Indemnity Period"</b>	means [            ];
<b>"Independent Tester"</b>	means the [insert name of Independent Tester] or such substitute independent tester as may be permitted pursuant to this Agreement;
<b>"Independent Tester Contract"</b>	means the contract dated the same date as this Agreement in the form set out in Schedule Part [ REF SchedulePart13 \h \* MERGEFORMAT ] ( <i>Independent Tester Contract</i> ) or any replacement thereof among Project Co, the Authority and the Independent Tester;
<b>"Indirect Losses"</b>	has the meaning given in Clause [ REF _Ref321247286 \r \h \* MERGEFORMAT ] ( <i>Exclusions and Limits on Liability</i> );
<b>"Information"</b>	has the meaning given under section 73 of the Freedom of Information (Scotland) Act 2002;
<b>["Initial Bulk Transfer"]</b>	has the meaning given in Clause [ REF _Ref326760809 \r \h ];
<b>"Initial Funding Agreements"</b>	means [    ] in the Agreed Form;
<b>"Insurance Proceeds Account"</b>	means the account numbered [            ] in the joint names of Project Co and the Authority with the [Account Bank (as defined in the Funding Agreement)];
<b>"Insurance Proceeds Account Agreement"</b>	means the agreement in the form set out in Schedule Part [ REF SchedulePart25 \h \* MERGEFORMAT ] ( <i>Insurance Proceeds Account Agreement</i> );
<b>"Insurance Term"</b>	means any term and/or condition required to be included in a policy of insurance by Clause [ REF _Ref321293437 \r \h \* MERGEFORMAT ] ( <i>Insurance</i> ) and/or Schedule Part [ REF

SchedulePart15 \h \\* MERGEFORMAT ]  
(*Insurance Requirements*) but excluding any risk;

**“Insurances”**

means, as the context requires, all or any of the insurances required to be maintained by Project Co pursuant to this Agreement;

**“Intellectual Property”**

means all registered or unregistered trademarks, service marks, patents, registered designs, utility models, applications for any of the foregoing, copyrights, unregistered designs, the sui generis rights of extraction relating to databases, trade secrets and other confidential information or know-how;

**“Intellectual Property Rights”**

means the Intellectual Property which (or the subject matter of which) is created, brought into existence, acquired, used or intended to be used by Project Co, any Project Co Party or by other third parties (for the use by or on behalf of or for the benefit of Project Co) for the purposes of the design or construction of the Facilities, the operation, maintenance, improvement and/or testing of the Facilities or the conduct of any other Project Operation or otherwise for the purposes of this Agreement;

**“Interim Project Report”**

means [ ];

**“IT”**

means information technology systems, hardware and software;

**“Key Sub-Contractor”**

means [ ];

**“Key Sub-Contractor Collateral Agreements”**

means the collateral agreement among the Authority, Project Co [, the Contractor] and the Key Sub-Contractors in the form set out in Section [ REF SchedulePart9Section3 \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart9 \h \\* MERGEFORMAT ] (*Collateral Agreements*);

**“Law”**

means:

- (a) any applicable statute or proclamation or any delegated or subordinate legislation;
- (b) any enforceable community right within the meaning of section 2(1) of the European Communities Act 1972;
- (c) any applicable guidance, direction or determination with which the Authority and/or Project Co is bound to comply to the extent that the same are published and publicly available or the existence or contents of them have been notified to Project Co by the Authority; and
- (d) any applicable judgement of a relevant court of law which is a binding precedent in Scotland,

in each case in force in Scotland;

**“LIBOR”**

means the rate per annum determined by [ ] Bank plc to be the offered rate for six month sterling deposits in the London interbank market which appears on Telerate Page 3750 (or such other page as may replace that page on the Dow Jones Telerate service);

**“Low Value Change”**

has the meaning given in Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Maintenance Works”**

means any works for maintenance or repair of the Facilities that are necessary to ensure that the Facilities are maintained in accordance with Service Level Specification and Method Statements and that the Facilities comply with the Authority's Construction Requirements and Project Co's Proposals (including, without limitation, the renewal or replacement of any Plant or equipment) throughout the Project Term;

**“Malicious Damage Report”**

has the meaning given in Clause [ REF FortyNineAPoint2Point1 \h \\* MERGEFORMAT ];

**[“Medical Contamination”**

means a disease carrying agent which cleaning and prevention of infection or contamination techniques in use in accordance with Good Industry Practice and this Agreement cannot substantially prevent or cannot substantially remove with the result that:

- (a) it is unsafe to admit patients or staff to the relevant area or to use the area for the purpose for which it is intended; and
- (b) the area cannot be made safe for the admission of patients or staff;]

**“Medium Value Change”**

has the meaning given in Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Method Statements”**

means the method of providing a Service as set out or identified in Section [ REF SchedulePart12Section2 \h \\* MERGEFORMAT ] (*Method Statements*) of Schedule Part [ REF SchedulePart12 \h \\* MERGEFORMAT ] (*Service Requirements*) as amended from time to time in accordance with Clause [ REF \_Ref321293445 \r \h \\* MERGEFORMAT ] (*Change Protocol*) and Clause [ REF \_Ref321293453 \r \h \\* MERGEFORMAT ] (*The Services*);

**“Monthly Service Payment”**

has the meaning given in Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*);

**“Monthly Service Report”**

means a monthly report to be prepared by Project Co and provided to the Authority in accordance with the relevant provisions in Section [ REF SchedulePart12Section1 \h \\* MERGEFORMAT ] (*Service Level Specification*) of Schedule Part [ REF SchedulePart12 \h \\* MERGEFORMAT ] (*Service Requirements*);

**“Net Present Value”**

has the meaning given in Schedule Part [ REF SchedulePart23 \h \\* MERGEFORMAT ] (*Refinancing*);

**[“NHS”**

means the National Health Service;]

**[“NHS Pension Scheme”**

means [to be inserted by the Authority on a project specific basis, in context of the NHS pension scheme at the time this Agreement is to be signed];]

**[“NHS Requirement”**

means:

- (a) in relation to the Works, Health Building Notes and Health Technical Memoranda and such other requirements as are designated as NHS Requirements in the Authority's Construction Requirements; and
- (b) in relation to the Project Operations (other than the Works), Health Building Notes, Health Technical Memoranda, all Executive Letters, Health Service Guidelines, Health Circulars of the NHS

and any similar official requests, requirements and guidance having similar status for the time being in force, but only to the extent the same are published and publicly available or the existence and contents of them have been notified to Project Co by the Authority;]

**“NPD Mandatory Provisions”**

means [ ];

**“NPD Requirements”**

means all of the following requirements:

- (a) not to make a distribution of profit or surplus, or any transfer of assets to one or more shareholders whether by means of any payment or transfer of assets, directly or indirectly, in cash or in any kind, whether by way of dividend, bonus or release of obligation or in any other way otherwise than:
  - (i) for full consideration; or
  - (ii) to the Authority pursuant to Clause [ REF\_Ref321293464 \r \h \\* MERGEFORMAT ] (*Payment of Surpluses and Compliance with NPD Requirements*) or Article [12 or 13] of the Articles of Association); or
  - (iii) [Project Co's Share of a Project Co Change]; or
  - (iv) [Project Co's Share of a Refinancing Gain];
- (b) not to amend or delete, or add new provisions to the Articles of Association, which have the effect of amending or frustrating the NPD Mandatory Provisions;
- (c) to comply with the NPD Mandatory Provisions; and
- (d) not to frustrate the appointment of the Public Interest Director to Project Co's board of directors in accordance with the

Articles of Association;

<b>“Operational Functionality”</b>	means [ ];
<b>“Operational Insurances”</b>	means the insurances required by Clause [ REF _Ref321244274 \r \h \* MERGEFORMAT ] and <b>“Operational Insurance”</b> means any one of such insurances;
<b>“Operational Term”</b>	means [in respect of a Phase] the period from the Actual Completion Date [Phase Actual Completion Date] until the end of the Project Term;
<b>“Option Period”</b>	has the meaning given in Clause [ REF _Ref321293498 \r \h \* MERGEFORMAT ] ( <i>Uninsurable Risks</i> );
<b>“Original Senior Commitment”</b>	means the amount committed under the Senior Funding Agreements as at Financial Close (as adjusted to take into account any Qualifying Change);
<b>“Outline Commissioning Programme”</b>	means the programme setting out the standards, specifications, procedures and other requirements for the carrying out and completion of the commissioning activities of the parties set out in outline in Schedule Part [ REF SchedulePart10 \h \* MERGEFORMAT ] ( <i>Outline Commissioning Programme</i> );
<b>“Pay”</b>	means the ordinary basic or minimum wage or salary and any other consideration, whether in cash or in kind, which the Authority Transferring Employee receives either directly or indirectly in respect of his or her employment, from his/her employer;
<b>“Payment Commencement Date”</b>	means the Actual Completion Date;
<b>[“Payment Commencement Date 1”</b>	means the Phase 1 Actual Completion Date;]
<b>[“Payment Commencement Date 2”</b>	means the Phase 2 Actual Completion Date;]
<b>“Payment Mechanism”</b>	means Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> );
<b>[“Pensionable Authority Employee”</b>	means an Authority Employee who is a member of or is entitled to be a member of the [NHS Pension Scheme] [ LGPS] on or immediately prior to the Relevant Service Transfer Date;]
<b>“Performance Failure”</b>	has the meaning given in Section [ REF SchedulePart14Section1 \h \* MERGEFORMAT ] of Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> );
<b>“Performance Guarantees”</b>	means the guarantees to Project Co in respect of the Construction Contract, the Service Contracts [insert details of any other guarantees to be

given] which, as at the date of this Agreement are in the Agreed Form;

**“Permitted Borrowing”**

means without double-counting, any:

- (a) advance to Project Co under the Senior Funding Agreements, provided that such advance is not made under any Committed Standby Facility;
- (b) Additional Permitted Borrowing;
- (c) advance to Project Co under any Committed Standby Facility which is made solely for the purpose of funding any cost overruns, increased expenses or loss of revenue which Project Co incurs, provided that such funds are not used in substitution for other sources of committed funding designated for those purposes; and
- (d) interest and, in respect of the original Senior Funding Agreements only (as entered into at the date of this Agreement, prior to any subsequent amendment), other amounts accrued or payable under the terms of such original Senior Funding Agreements,

except where the amount referred to in paragraphs (a) to (d) above is or is being used to fund a payment of Default Interest on any Additional Permitted Borrowing;

**[“Phase”**

means, as the context may require, Phase 1 and/or Phase 2 as described in Schedule Part [ ] and **"Phases"** shall be construed accordingly;]

**[“Phase 1”**

means Phase 1 as described in Schedule Part [ ];]

**[Phase 1 Actual Completion Date”**

means the later of:

- (a) the date of the Certificate of Practical Completion issued by the Independent Tester in respect of Phase 1 pursuant to Clause [ REF \_Ref328407535 \r \h ]; and
- (b) subject to Clause [ REF \_Ref321239585 \r \h \\* MERGEFORMAT ], the Phase 1 Completion Date;]

**[“Phase 1 Completion Date”**

means, subject to Clause [ REF \_Ref325966171 \r \h \\* MERGEFORMAT ] (*Delay Events*), the



	date described as such in Schedule Part [ ] or such other date as the parties may agree;]
<b>["Phase 2"]</b>	means Phase 2 as described in Schedule Part [ ];]
<b>["Phase 2 Actual Completion Date"]</b>	means the later of: <ul style="list-style-type: none"> <li>(a) the date of the Certificate of Practical Completion issued by the Independent Tester in respect of Phase 2 pursuant to Clause [ REF _Ref328407535 \r \h ]; and</li> <li>(b) subject to Clause [ REF _Ref321239585 \r \h \* MERGEFORMAT ], the Phase 2 Completion Date;]</li> </ul>
<b>["Phase 2 Completion Date"]</b>	means, subject to Clause [ REF _Ref325966171 \r \h \* MERGEFORMAT ] ( <i>Delay Events</i> ), the date described as such in Schedule Part [ ] or such other date as the parties may agree;]
<b>["Phase Actual Completion Date"]</b>	means, as the context may require, the Phase 1 Actual Completion Date and/or the Phase 2 Actual Completion Date;]
<b>["Phase Completion Date"]</b>	means, as the context may require, the Phase 1 Completion Date and/or the Phase 2 Completion Date;]
<b>"Physical Damage Policies"</b>	means the policies of insurance referred to in paragraph [ REF _Ref321408686 \w \h \* MERGEFORMAT ] ( <i>Contractors' 'All Risk' Insurance</i> ) of Section [ REF SchedulePart15Section1 \h \* MERGEFORMAT ] ( <i>Policies to be Taken Out by Project Co and Maintained During the Design and Construction Phase</i> ) and paragraph [ REF _Ref321408715 \w \h \* MERGEFORMAT ] ( <i>Property Damage</i> ) of Section [ REF SchedulePart15Section2 \h \* MERGEFORMAT ] ( <i>Policies to be Taken Out By Project Co and Maintained from the Actual Completion Date</i> ) of Schedule Part [ REF SchedulePart15 \h \* MERGEFORMAT ] ( <i>Insurance Requirements</i> );
<b>"Planning Approval"</b>	means detailed planning consent for the Project dated [insert date of Planning Approval] and annexed as Attachment [ ];
<b>"Planning Permission"</b>	means any planning permission, approval of reserved matters, listed building consent, conservation areas consent and/or other consent or approval reasonably required from time to time for construction and/or operation of the Facilities (including without limitation for any Authority Change and the Planning Approval);
<b>"Plant"</b>	means the infrastructure systems, building systems, fixed, and immovable equipment

systems, installed as part of the Works or pursuant to an Authority Change as replaced from time to time;

**“Post Completion Commissioning”**

means, as appropriate, Project Co's Post Completion Commissioning and/or the Authority's Post Completion Commissioning;

**“Programme”**

means the programme set out in Schedule Part [ REF SchedulePart7 \h \\* MERGEFORMAT ] (*The Programme*) as revised and issued by Project Co (or on its behalf) from time to time pursuant to Clause [ REF \_Ref321294544 \r \h \\* MERGEFORMAT ] (*Programme and Dates for Completion*);

**“Programmed Maintenance”**

means the maintenance work which Project Co is to carry out in accordance with Schedule of Programmed Maintenance;

**“Programmed Maintenance Information”**

has the meaning given in Clause [ REF \_Ref321294555 \r \h \\* MERGEFORMAT ];

**“Prohibited Act”**

has the meaning given in Clause [ REF \_Ref321294560 \r \h \\* MERGEFORMAT ] (*Corrupt Gifts and Payments*);

**“Project”**

means [ ];

**“Project Co Event of Default”**

has the meaning given in Clause [ REF \_Ref321294569 \r \h \\* MERGEFORMAT ] (*Project Co Events of Default*);

**“Project Co Party”**

means Project Co's agents and contractors (including without limitation the Contractor and the Service Providers) and its or their sub-contractors of any tier and its or their directors, officers, employees and workmen in relation to the Project and **“Project Co Parties”** shall be construed accordingly;

**“Project Co's Post-Completion Commissioning”**

means Project Co's commissioning activities carried out in accordance with Clause [ REF \_Ref321254671 \r \h \\* MERGEFORMAT ];

**“Project Co's Pre-Completion Commissioning”**

means Project Co's commissioning activities to be carried out in accordance with Clause [ REF \_Ref321294591 \r \h \\* MERGEFORMAT ] (*Pre Completion Commissioning and Completion*);

**“Project Co's Proposals”**

means the document at Section [ REF SchedulePart6Section4 \h \\* MERGEFORMAT ] (*Project Co Proposals*) of Schedule Part [ REF SchedulePart6 \h \\* MERGEFORMAT ] (*Construction Matters*) as amended from time to time in accordance with Clause [ REF \_Ref321294600 \r \h \\* MERGEFORMAT ] (*Change Protocol*);

<b>“Project Co's Remedial Services”</b>	means any activities to be performed by or on behalf of Project Co pursuant to its rights under Clause [ REF _Ref321294614 \r \h \* MERGEFORMAT ];
<b>“Project Co's Representative”</b>	means the person appointed by Project Co pursuant to Clause [ REF _Ref321294621 \r \h \* MERGEFORMAT ] ( <i>Representatives</i> );
<b>“Project Data”</b>	means: <ul style="list-style-type: none"> <li>(a) all Design Data;</li> <li>(b) all drawings, reports, documents, plans, software, formulae, calculations and other data relating to the provision of the Services; and</li> <li>(c) any other materials, documents and or data acquired, brought into existence or used in relation to the Project Operations or this Agreement;</li> </ul>
<b>“Project Documents”</b>	means the Ancillary Documents and the Funding Agreements;
<b>“Project Operations”</b>	means the carrying out of the Works, the carrying out of Project Co's Pre-Completion Commissioning and Project Co's Post-Completion Commissioning, the management and provision of the Services and the performance of all other obligations of Project Co under this Agreement from time to time;
<b>“Project Term”</b>	means the period commencing at [midnight] on the date of this Agreement and ending on the earlier of the Expiry Date and the Termination Date;
<b>[“Proposed Workforce”</b>	has the meaning given in Clause [ REF _Ref326918660 \r \h ];]
<b>“PRS Timetable”</b>	has the meaning given in Clause [ REF _Ref321240232 \r \h \* MERGEFORMAT ];
<b>“Qualifying Change”</b>	means (unless expressly stated otherwise): <ul style="list-style-type: none"> <li>(a) a Low Value Change in respect of which the parties have agreed the method of implementation; or</li> <li>(b) a Medium Value Change in respect of which the Authority has issued a confirmation notice pursuant to</li> </ul>

paragraph [ REF \_Ref321409988 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] (*Medium Value Changes*) of Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*); or

- (c) a High Value Change which has received Stage 2 Approval pursuant to paragraph [ REF \_Ref321405183 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*),

in each case provided that any necessary changes required to be made to any Project Document and/or Ancillary Document pursuant to Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) have been given effect to and become unconditional;

**“Quality Plans”**

means the Design Quality Plan and Construction Quality Plan, prepared in accordance with Section [ REF SchedulePart6Section8 \h \\* MERGEFORMAT ] (*Quality Plans (Design and Construction)*) of Schedule Part [ REF SchedulePart6 \h \\* MERGEFORMAT ] (*Construction Matters*), and the Services Quality Plan, prepared in accordance with Section [ REF SchedulePart12Section3 \h \\* MERGEFORMAT ] (*Service Quality Plan*) of Schedule Part [ REF SchedulePart12 \h \\* MERGEFORMAT ] (*Service Requirements*), as required to be implemented by Project Co in accordance with Clause [ REF \_Ref321294645 \r \h \\* MERGEFORMAT ] (*Quality Assurance*);

**“Range of Finishes”**

has the meaning given in paragraph [ REF \_Ref321304957 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*);

**“Rectification”**

has the meaning given in Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*);

**“Rectification Period”**

has the meaning given in Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*);

**“Refinancing”**

has the meaning given in Schedule Part 23 (*Refinancing*);

**“Reinstatement Plan”**

has the meaning given in Clause [ REF \_Ref321245954 \r \h \\* MERGEFORMAT ]

	<i>(Reinstatement);</i>
<b>“Reinstatement Works”</b>	has the meaning given in Clause [ REF _Ref321294684 \r \h \* MERGEFORMAT ] <i>(Reinstatement);</i>
<b>“Relevant Authority”</b>	means any court with the relevant jurisdiction and any local, national or supra-national agency, inspectorate, minister, ministry, official or public or statutory person of the government of the United Kingdom, or of the European Union, (or of the Scottish Government or the Scottish Parliament);
<b>“Relevant Change in Law”</b>	has the meaning given in Clause [ REF _Ref321294698 \r \h \* MERGEFORMAT ] <i>(Changes in Law);</i>
<b>“Relevant Event”</b>	has the meaning given in Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] <i>(Change Protocol);</i>
<b>“Relevant Incident”</b>	has the meaning given in Clause [ REF _Ref321294684 \n \h \* MERGEFORMAT ] <i>(Reinstatement);</i>
<b>“Relevant Payment”</b>	has the meaning given in Clause [ REF _Ref321293498 \n \h \* MERGEFORMAT ];
<b>“Relevant Proceeds”</b>	has the meaning given in Clause [ REF _Ref321294684 \n \h \* MERGEFORMAT ] <i>(Reinstatement);</i>
<b>“Relevant Service Transfer Date”</b>	has the meaning given in Clause [ REF _Ref326759874 \r \h ];
<b>“Relevant Tax Liability”</b>	has the meaning given in Clause [ REF _Ref321245727 \r \h ];
<b>“Relief”</b>	has the meaning given in Clause [ REF _Ref327451473 \r \h ];
<b>“Relief Events”</b>	has the meaning given in Clause [ REF _Ref321330009 \n \h \* MERGEFORMAT ] <i>(Relief Events);</i>
<b>[“Remuneration Costs”</b>	has the meaning given in Clause [ REF _Ref326918689 \r \h ];
<b>[“Reorganisation Costs”</b>	has the meaning given in Clause [ REF _Ref326918698 \r \h ];
<b>“Request for Information”</b>	has the meaning set out in the FOI(S)A or the Environmental Information (Scotland) Regulations as relevant (where the meaning set out for the term “request” shall apply);
<b>“Required Action”</b>	has the meaning given in Clause [ REF

\_Ref321330019 \n \h \\* MERGEFORMAT ];

**“Reserved Rights”**

means the matter referred to in Section [ REF SchedulePart5Section2 \h \\* MERGEFORMAT ] (*Safety During Construction*) of Schedule Part [ REF SchedulePart5 \h \\* MERGEFORMAT ] (*Land Matters*);

**“Restricted Person”**

means either:

- (a) a person providing or proposing to provide [ ] services of a similar nature to those provided or contemplated by the Authority at the time in question; or
- (b) any person who has a material interest in the production of tobacco products and/or alcoholic beverages;

**“Retail Prices Index” or “RPI”**

means the Retail Prices Index (All Items) as published by the Office for National Statistics from time to time (the “Index”), or, failing such publication or in the event of a fundamental change to the Index, such other index as the parties may agree, or such adjustments to the Index as the parties may agree (in each case with the intention of putting the parties in no better nor worse position than they would have been in had the Index not ceased to be published or the relevant fundamental change not been made) or, in the event that no such agreement is reached, as may be determined in accordance with the Dispute Resolution Procedure;

**“Revenue”**

means the projected Unavoidable Fixed Costs and Senior Debt Service Costs of Project Co;

**“Reviewable Design Data”**

means the Design Data listed at Section [ REF SchedulePart6Section5 \h \\* MERGEFORMAT ] (*Reviewable Design Data*) of Schedule Part [ REF SchedulePart6 \h \\* MERGEFORMAT ] (*Construction Matters*);

**“Revised Senior Debt Termination Amount”**

has the meaning given in Section [ REF SchedulePart17Section6 \h \\* MERGEFORMAT ] (*Definitions*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*);

**“Room Data Sheets”**

has the meaning given in Section [ REF SchedulePart6Section6 \h \\* MERGEFORMAT ] (*Room Data Sheets*) of Schedule Part [ REF SchedulePart6 \h \\* MERGEFORMAT ] (*Construction Matters*);

**“Second Party”**

has the meaning given in Clause [ REF

	<code>_Ref321243552 \w \h \* MERGEFORMAT ];</code>
<b>“Scottish Futures Trust”</b>	means Scottish Futures Trust Limited (Company Number SC348382), having its registered office at 1st Floor, 11-15 Thistle Street, Edinburgh EH2 1DT;
<b>“Schedule of Programmed Maintenance”</b>	means the programme referred to in Clause [ <code>REF _Ref321295025 \w \h \* MERGEFORMAT ]</code> to be submitted to the Authority's Representative by Project Co in accordance with Schedule Part [ <code>REF SchedulePart8 \h \* MERGEFORMAT ]</code> ( <i>Review Procedure</i> );
<b>“Security Trustee”</b>	means [                    ];
<b>“Senior Debt”</b>	has the meaning given in Section [ <code>REF SchedulePart17Section6 \h \* MERGEFORMAT ]</code> ( <i>Definitions</i> ) of Schedule Part [ <code>REF SchedulePart17 \h \* MERGEFORMAT ]</code> ( <i>Compensation on Termination</i> );
<b>“Senior Debt Service Costs”</b>	means interest and debt service costs incurred in respect of the [Senior Funding Agreements] less: <ul style="list-style-type: none"> <li>(a) sums which are in arrears;</li> <li>(b) all sums reserved by Project Co and which Project Co is entitled to use to make such payments, without breaching the [Senior Funding Agreements];</li> </ul>
<b>“Senior Funders”</b>	means [specify relevant funders];
<b>“Senior Funding Agreements”</b>	means [                    ] as at the date of this Agreement and as amended as permitted under Clause [ <code>REF _Ref321330159 \n \h \* MERGEFORMAT ]</code> ( <i>Project Documents</i> );
<b>“Service Contracts”</b>	means the contracts dated the same date as this Agreement between Project Co and each Service Provider (which as at the date of this Agreement are in the Agreed Form), by which Project Co will procure the performance of the Services (as amended or replaced from time to time in accordance with this Agreement);
<b>“Service Event”</b>	has the meaning given in Schedule Part [ <code>REF SchedulePart14 \h \* MERGEFORMAT ]</code> ( <i>Payment Mechanism</i> );
<b>“Service Level Specification”</b>	means the requirements of the Authority set out in Section [ <code>REF SchedulePart12Section1 \h \* MERGEFORMAT ]</code> ( <i>Service Level Specification</i> ) of Schedule Part [ <code>REF SchedulePart12 \h \* MERGEFORMAT ]</code> ( <i>Service Requirements</i> ) as amended from time to time in accordance with Clause [ <code>REF _Ref321330195 \w \h \* MERGEFORMAT ]</code> ;

	MERGEFORMAT ] ( <i>Change Protocol</i> );
<b>“Service Provider”</b>	means each of [insert description of Service Providers] or any other person engaged by Project Co from time to time as may be permitted by this Agreement to procure the provision of the Services (or any part of them);
<b>“Service Providers Collateral Agreements”</b>	means the collateral agreements among the Authority, Project Co and each Service Provider in the form set out in Section [ REF SchedulePart9Section2 \h \* MERGEFORMAT ] of Schedule Part [ REF SchedulePart9 \h \* MERGEFORMAT ] ( <i>Collateral Agreements</i> );
<b>“Services”</b>	means the services to be provided, managed and/or procured by Project Co for the Authority in accordance with Schedule Part [ REF SchedulePart12 \h \* MERGEFORMAT ] ( <i>Service Requirements</i> ) as subsequently amended or adjusted in accordance with this Agreement;
<b>“Services Quality Plan”</b>	means the document set out in Section [ REF SchedulePart12Section3 \h \* MERGEFORMAT ] ( <i>Services Quality Plan</i> ) of Schedule Part [ REF SchedulePart12 \h \* MERGEFORMAT ] ( <i>Service Requirements</i> );
<b>“Shareholder(s)”</b>	means any person(s) who from time to time, as permitted by this Agreement, holds share capital in Project Co or Hold Co which persons are, as at the date of this Agreement, listed as such in Schedule Part [ REF SchedulePart21 \h \* MERGEFORMAT ] ( <i>Project Co Information</i> );
<b>“Shareholders Agreements”</b>	means the agreement or agreements between the Shareholders relating to Project Co, including any agreement relating to the subscription of equity (or other shareholder funding) by the Shareholders in Project Co or Hold Co;
<b>“Site”</b>	means the land made available to Project Co for the Project outlined in red on [insert details of relevant plan];
<b>“Site Conditions”</b>	means the condition of the Site including (but not limited to) climatic, hydrological, hydrogeological, ecological, environmental, geotechnical and archaeological conditions;
<b>“Snagging Matters”</b>	means minor items of outstanding work (including in relation to landscaping) which would not materially impair the Authority's use and enjoyment of the Facilities or the carrying out by the Authority of the Authority Services or the performance of the Services by Project Co;
<b>“Snagging Notice”</b>	means the notice to be issued by the Independent Tester in accordance with Clause [



REF \_Ref321239695 \w \h \\* MERGEFORMAT  
];

**“Specific Change in Law”**

means any Change in Law which specifically refers to:

- (a) the provision of works or services the same as or similar to the Works or the Services in premises similar to the Facilities; or
- (b) the holding of shares in companies whose main business is providing works or services the same as or similar to the Works or the Services in premises similar to the Facilities;

**“Sub-Contractor”**

means any third party (including the Contractor and a Services Provider) who enters into any Sub-Contract;

**“Sub-Contracts”**

means the contracts entered into by or between Project Co, the Contractor and/or a Service Provider and other third parties in relation to any aspect of the Project Operations;

**“Subordinated Debt”**

has the meaning given in Section [ REF SchedulePart17Section6 \h \\* MERGEFORMAT ] (*Definitions*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*);

**“Subordinated Funder”**

means a person providing finance under a Subordinated Funding Agreement;

**“Subordinated Funding Agreements”**

means [ ] as at the date of this Agreement or as amended with the prior written agreement of the Authority;

**“Subsidiary”**

has the meaning given to it in Section 1159 of the Companies Act 2006;

**“Suitable Substitute Contractor”**

has the meaning given in Section [ REF SchedulePart17Section6 \h \\* MERGEFORMAT ] (*Definitions*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*);

**“Surplus”**

means, on any given date, the amount (if any) standing to the credit of the Surplus Account;

**“Surplus Account”**

[has the meaning given in the Senior Funding Agreements];

**“Surplus Payment”**

means the payment of a Surplus or Surpluses by Project Co to the Authority pursuant to Clause [ REF \_Ref321330318 \w \h \\* MERGEFORMAT ] (*Payment of Surpluses and Compliance with*

*NPD Requirements*);

<b>“Surplus Payment Date”</b>	means, in relation to each period of 6 months that follows the Commencement Date, the final day of such period;
<b>“Termination Date”</b>	means the date on which termination of this Agreement takes effect in accordance with its terms;
<b>[“The NHS and You”</b>	means the document so entitled and issued by the Scottish Government Health Directorate in January 2009;]
<b>“Title Conditions”</b>	means title conditions set out in Section [ REF SchedulePart5Section1 \h \* MERGEFORMAT ] of Schedule Part [ REF SchedulePart5 \h \* MERGEFORMAT ] ( <i>Land Matters</i> );
<b>“TPL Risk”</b>	means a risk which is required to be insured under the third party liability insurance policy;
<b>“Transfer Regulations”</b>	means the Transfer of Undertaking (Protection of Employment) Regulations 2006 (SI No. 246);
<b>[“Transfer Value”</b>	means the sum of money payable by the Transferor Scheme to the Transferee Scheme in connection with a Bulk Transfer in consideration of which the Transferee Scheme agrees to assume the liability to provide pensions benefits to the Pensionable Authority Employee in place of the Transferor Scheme;]
<b>[“Transferee Scheme”</b>	means a pension scheme of which a Pensionable Authority Employee becomes a member following the transfer of his or her employment pursuant to this Agreement on a Relevant Service Transfer Date or at any other time during the course of, or on the expiry or earlier termination of, this Agreement, where such transfer of employment takes place in connection with and as a consequence of the transfer of responsibility for provision of services to a new Service Provider or to the Authority;]
<b>[“Transferor Scheme”</b>	means a pension scheme of which a Pensionable Authority Employee was a member prior to the transfer of his or her employment pursuant to this Agreement on a Relevant Service Transfer Date or at any other time during the course of, or on the expiry or earlier termination of, this Agreement where such transfer of employment takes place in connection with and as a consequence of the transfer of responsibility for provision of services to a new Service Provider or to the Authority;]
<b>[“Transferring Authority Employee”</b>	means any Authority Employee who transfers under an Employee Transfer in accordance with

this Agreement;]

**[“Transferring Employees”**

means any Transferring Authority Employee and/or any Transferring Private Sector Employee;]

**[“Transferring Private Sector Employee”**

means in relation to a service equivalent to a Service, any person employed by any sub-contractor engaged by the Authority who is wholly or mainly engaged in the provision of that service as at the Relevant Service Transfer Date and who will become an employee of Project Co or a Service Provider on the Relevant Service Transfer Date in accordance with the provisions of Clause [ REF \_Ref325968994 \r \h \\* MERGEFORMAT ] (*TUPE and Employment Matters*);]

**“Unavoidable Fixed Costs”**

means the fixed costs incurred by Project Co which first fall due for payment by Project Co during the period of indemnity but excluding:

- (a) costs which could have reasonably been mitigated or avoided by Project Co;
- (b) payments to Project Co's Associated Companies;
- (c) payments which are not entirely at arm's length;
- (d) payments to holders of equity in Project Co, providers of Subordinated Debt and any other financing costs other than Senior Debt Service Costs
- (e) indirect losses suffered or allegedly suffered by any person;
- (f) fines, penalties or damages for unlawful acts, breaches of contract or other legal obligations;
- (g) payments Project Co can recover under contract or in respect of which Project Co has a remedy against another person in respect of the same liability;
- (h) payments to the extent that Project Co

has available to it including:

(i) reserves which Project Co can draw upon without breaching the Senior Funding Agreements;

(ii) standby or contingent facilities or funds of Senior Debt or equity which Project Co is entitled to have available;

(i) payments representing any profits of the Project (to the extent not already excluded in (e) above);

**“Uninsurable”**

means, in relation to a risk, either that:

(a) insurance is not available to Project Co in respect of the Project in the worldwide insurance market with reputable insurers of good standing in respect of that risk; or

(b) the insurance premium payable for insuring that risk is at such a level that the risk is not generally being insured against in the worldwide insurance market with reputable insurers of good standing by contractors in the United Kingdom;

**“Unprogrammed Maintenance Work”**

has the meaning given in Clause [ REF \_Ref321240108 \w \h \\* MERGEFORMAT ];

**“Unreasonable Act”**

means any act or omission which is contrary to any reasonable instruction, guidance or rules for the operation or management of the Facilities;

**“Utilities”**

has the meaning given in the Service Level Specification;

**“VAT”**

means value added tax at the rate prevailing at the time of the relevant supply charged in accordance with the provisions of the Value Added Tax Act 1994;

**“VAT Sum”**

has the meaning given in Clause [ REF \_Ref321330474 \w \h \\* MERGEFORMAT ] (*VAT and Construction Industry Tax Deduction Scheme*);

**“Vitiating Act”**

has the meaning given in Endorsement 2, Section [ REF SchedulePart15Section3 \h \\* MERGEFORMAT ] (*Endorsement*) of Schedule

Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*);

**“Warning Notice”**

means a notice validly served by the Authority's Representative on Project Co under Clause [ REF \_Ref321330502 \w \h \\* MERGEFORMAT ] (*Warning Notices*), specifying that it is a Warning Notice and setting out the circumstances that have given rise to the issue thereof;

**[“Whitley Agreements”**

means (1) National Health Service Maintenance Staff Pay and Conditions of Service; (2) Whitley Councils for the Health Service (Great Britain) Ancillary Staffs Council – Rates of Pay, Conditions of Service and General Information; (3) Whitley Councils for the Health Services (Great Britain) Administrative and Clerical Staff Council – Pay and Conditions of Service (subject in the case of senior managers to the Secretary of State's Direction dated 27 January 1989); (4) Whitley Councils for the Health Service (Great Britain) General Council Conditions of Service; and (5) Whitley Councils for the Health Service (Great Britain) Professional and Technical Staffs B Council and any agreements derived from a process of national collective bargaining which shall replace any of them;]

**“Works”**

means the design (including the preparation of all Design Data), construction, testing, commissioning and completion of the Facilities (including any temporary works) [and the installation of [Equipment]] to be performed by Project Co in accordance with this Agreement (as varied, amended or supplemented from time to time in accordance with this Agreement).

## SECTION 2

### INTERPRETATION

This Agreement shall be interpreted according to the following provisions, unless the context requires a different meaning:

- 1 The headings and marginal notes and references to them in this Agreement shall be deemed not to be part of this Agreement and shall not be taken into consideration in the interpretation of this Agreement.
- 2 Except where the context expressly requires otherwise, references to Clauses, Sub-clauses, paragraphs, sub-paragraphs and parts of the Schedule are references to Clauses, Sub-clauses, paragraphs, sub-paragraphs and parts of the Schedule to this Agreement and references to Sections, Appendices and Attachments (if any) are references to Sections, Appendices and Attachments to or contained in this Agreement.
- 3 The Schedule and Attachments (if any) to this Agreement are integral parts of this Agreement and a reference to this Agreement includes a reference to the Schedule and the Attachments (if any).
- 4 Words importing persons shall, where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governments, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisations having legal capacity.
- 5 Where the context so requires words importing the singular only also include the plural and vice versa and words importing the masculine shall be construed as including the feminine or the neuter or vice versa.
- 6 The language of this Agreement is English. All correspondence, notices, drawings, Design Data, test reports, certificates, specifications and information shall be in English. All operating and maintenance instructions, name plates, identification labels, instructions and notices to the public and staff and all other written, printed or electronically readable matter required in accordance with, or for purposes envisaged by, this Agreement shall be in English.
- 7 Save where stated to the contrary, references to any agreement or document include (subject to all relevant approvals and any other provisions of this Agreement concerning amendments to agreements or documents) a reference to that agreement or document as amended, supplemented, substituted, novated or assigned.
- 8 References to any Law are to be construed as references to that Law as from time to time amended or to any Law from time to time replacing, extending, consolidating or amending the same provided that the provisions of this paragraph shall be without prejudice to the operation of Clause [ REF \_Ref321330886 \w \h \\* MERGEFORMAT ] (*Changes in Law*) and Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) which shall operate in relation to a Change in Law on the basis set out in this Agreement.

- 9 Without prejudice to Clause [ REF \_Ref321247547 \w \h \\* MERGEFORMAT ], references to a public organisation (other than the Authority) shall be deemed to include a reference to any successor to such public organisation or any organisation or entity which has taken over either or both the relevant functions and relevant responsibilities of such public organisation.
- 10 Without prejudice to Clause [ REF \_Ref321247547 \w \h \\* MERGEFORMAT ], references to other persons (other than the Authority and Project Co) shall include their successors and assignees.
- 11 References to a deliberate act or omission of the Authority or any Authority Party shall be construed having regard to the interactive nature of the activities of the Authority and of Project Co and the expression shall exclude acts or omissions which were within the contemplation of the parties or which were otherwise provided for in this Agreement.
- 12 The words in this Agreement shall bear their natural meaning. The parties have had the opportunity to take legal advice on this Agreement and no term shall, therefore, be construed contra proferentem.
- 13 Reference to "parties" means the parties to this Agreement and references to "a party" mean one of the parties to this Agreement.
- 14 In construing this Agreement, the rule known as the ejusdem generis rule shall not apply nor shall any similar rule or approach to the construction of this Agreement and accordingly general words introduced or followed by the word "other" or "including" or "in particular" shall not be given a restrictive meaning because they are followed or preceded (as the case may be) by particular examples intended to fall within the meaning of the general words.
- 15 All of Project Co's obligations, duties and responsibilities shall be construed as separate obligations, duties and responsibilities owed to the Authority and to be performed at Project Co's own cost and expense.
- 16 Unless expressly stated otherwise, references to amounts or sums expressed to be "index linked" are references to amounts or sums in [give base date reference] ("**Base Date**") prices which require to be adjusted whenever the provision containing the amount or sum is given effect in accordance with this Agreement to reflect the effects of inflation after that date. The adjustment shall be measured by changes in the relevant index published for that Contract Year as calculated in accordance with the following formula:

$$\text{Amount or sum in [date] prices} \times \frac{RPI_d}{RPI_0}$$

Where  $RPI_d$  is the value of the Retail Prices Index published or determined with respect to the month of [relevant month, or other date] most recently preceding the date when the provision in question is to be given effect and  $RPI_0$  is the value of the Retail Prices Index in respect of [date] being [ ].

- 17 Reference to a document being in the Agreed Form is a reference to the form of the relevant document agreed between the parties and for the purpose of identification initialled by each of them or on their behalf.

- 18 The operation of the Housing Grants, Construction and Regeneration Act 1996 upon any Project Document shall not affect the rights or obligations of the parties under this Agreement.
- 19 Words in parenthesis and italics appearing after a Clause reference or a reference to a Schedule Part are inserted for ease of reference only. If there is any discrepancy between the Clause reference and the words appearing in parenthesis and italics after the Clause reference, the Clause reference shall prevail.
- 20 Where this Agreement states that an obligation shall be performed "no later than" or "within" or "by" a prescribed number of Business Days after a stipulated date or event, or "no later than" or "by" a stipulated date or event which is a prescribed number of Business Days after a stipulated date or event, the latest time for performance shall be [5pm] on the last Business Day for performance of the obligations concerned.
- 21 Where this Agreement states that an obligation shall be performed "no later than" or "within" or "by" a prescribed number of Business Days before a stipulated date or event, or "no later than" or "by" a stipulated date or event which is a prescribed number of Business Days before a stipulated date or event, the latest time for performance shall be [5pm] on the last Business Day for performance of the obligations concerned.



**SCHEDULE PART 2**  
**COMPLETION DOCUMENTS**  
**SECTION 1**

**DOCUMENTS TO BE DELIVERED BY PROJECT CO**

Unless an original document is specifically requested, a copy (certified by an officer of Project Co as being a true copy) of each of the following documents is to be delivered by Project Co to the Authority in accordance with Clause [ REF \_Ref321294751 \r \h \\* MERGEFORMAT ] (*Execution and Delivery of Documents*) of this Agreement:

- 1 The Consents and other authorisations, licences, permits, and approvals listed below:  
  
[Project specific items to be listed]
- 2 The Shareholders Agreements and certification from Project Co that the Shareholders Agreements have become (or will become, simultaneously with delivery of the other documents referred to in this Schedule Part [ REF SchedulePart2 \h \\* MERGEFORMAT ] (*Completion Documents*)) unconditional in accordance with their terms, accompanied by evidence of the same.
- 3 The Initial Funding Agreements and certification from Project Co that (1) the Initial Funding Agreements have become unconditional (other than any condition relating to the conditionality of this Agreement) and (2) that all conditions to the availability of funds to Project Co under the Initial Funding Agreements have been satisfied or waived, accompanied by evidence of the same.
- 4 The Construction Contract, the Services Contract and the Performance Guarantees, executed by the parties to such agreements.
- 5 An original of the Funders' Direct Agreement, the Independent Tester Contract, the Insurance Proceeds Account Agreement, the Collateral Agreements and the brokers letters of undertaking relating to the Insurances referred to in paragraph [ REF \_Ref321846531 \w \h \\* MERGEFORMAT ] below in the Agreed Form, executed by the parties to such agreements (other than the Authority).
- 6 Extracts from the minutes of the meeting of the board of directors (certified as true and accurate by the Secretary of the relevant company) of each of Project Co, each Shareholder[, Hold Co] and each of the other parties to the documents listed in Section [ REF SchedulePart2Section1 \h \\* MERGEFORMAT ] (*Documents to be delivered by Project Co*) of Schedule Part [ REF SchedulePart2 \h \\* MERGEFORMAT ] (*Completion Documents*), at which resolutions were passed approving the execution, delivery and performance of each relevant document to which such person is expressed to be a party and in each case authorising a named person or persons to execute and deliver each such document and any other documents to be delivered by it pursuant to it. For the avoidance of doubt, this requirement shall not extend to the Senior Funders.
- 7 A certificate of the Secretary of each of the companies referred to in paragraph [ REF \_Ref321846554 \w \h \\* MERGEFORMAT ] above setting out the names and specimen signatures of the person or persons named in the relevant certified extract.

- 8 Evidence of the share subscriptions required under the Shareholders Agreements and other shareholder funding commitments having been made by the Shareholders in Project Co [and Hold Co].
- 9 Project Co's [and Hold Co's] Certificate of Incorporation and of any Certificate of Incorporation on Change of Name.
- 10 The Articles of Association of Project Co [and Hold Co].
- 11 The insurance broker's letter of undertaking, evidence of the insurances required in accordance with Clause [ REF \_Ref321294761 \r \h \\* MERGEFORMAT ] (*Insurances*) having been taken out by Project Co and that the policies comply with the requirements of this Agreement, and an estimate by the insurance broker of the premiums for the Operational Insurances for the first year of the Operational Term.
- 12 Two computer disk copies of the Financial Model audited by [relevant financial adviser].
- 13 Evidence that an election has been made for Project Co to act as "client" for the Project for the purposes of the CDM Regulations.
- 14 Evidence that the Insurance Proceeds Account has been opened.
- 15 [Authority to indicate other project specific documents, including any other project document, planning and property related agreements and any subordinated debt or other financing arrangement.]
- 16 An original duly executed copy of this Agreement.

## SECTION 2

### DOCUMENTS TO BE DELIVERED BY THE AUTHORITY

The Authority shall deliver to Project Co the following documents:

- 1 An original copy of the Funders' Direct Agreement, the Collateral Agreements, the Independent Tester Contract, the Insurance Proceeds Account Agreement and this Agreement, duly executed by the Authority.
- 2 A certified copy of the resolution of the Authority approving the execution, delivery and performance of the documents referred to in paragraph [ REF \_Ref321846646 \w \h \\* MERGEFORMAT ] above and in each case authorising a named person or persons to execute and deliver each such document and any documents to be delivered by it pursuant thereto.
- 3 A certificate of the relevant officer of the Authority setting out the names and specimen signatures of the person or persons named in the resolution of the Authority referred to in paragraph [ REF \_Ref326593884 \r \h ] above.
- 4 [Authority to list other project specific documents to be included.]

**SCHEDULE PART 3**  
**KEY WORKS PERSONNEL**

**SCHEDULE PART 4**  
**FUNDERS' DIRECT AGREEMENT<sup>1</sup>**

**THIS AGREEMENT IS MADE ON**

**AMONG:**

- (1) [ ] (the "**Authority**")
- (2) [ ] (the "**Agent**" for the Senior Funders) on behalf of itself and the Senior Funders; and
- (3) [ ] company no [ ] whose registered office is at [ ] ("**Project Co**")

**IT IS AGREED AS FOLLOWS:**

**1 INTERPRETATIONS**

**1.1 Definitions<sup>2</sup>**

In this Agreement, unless the context otherwise requires:

<b>"Appointed Representative"</b>	means a Representative that has been notified to the Authority pursuant to a Step-In Notice;
<b>"Authority Direct Agreements"</b>	means [ ];
<b>"Authority Project Documents"</b>	means the Design Build Finance and Maintain Agreement and all other documents to which the Authority and Project Co are parties pursuant to the Design Build Finance and Maintain Agreement;
<b>"Collateral Agreements"</b>	means [ ];
<b>"Collateral Agreement Counterparty"</b>	means one of the parties to the Collateral Agreements (other than the Authority or Project Co);
<b>"Enforcement Event"</b>	means [ ];
<b>"Event of Default"</b>	shall have the meaning given to it in the Credit Agreement;

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<sup>1</sup> The purpose of the Funders Direct Agreement is to provide rights for the Funders to step-in and manage the project where otherwise the right and obligation of Project Co to perform the project would terminate. The Funders require this right because their preferred approach will generally be to keep the project alive and preserve the project's income stream, rather than allowing the Agreement to terminate, as this represents the Funders' best chance of being fully repaid.

The Funders Direct Agreement sets out arrangements whereby the effect of any notice of termination issued by the Authority will be suspended and the Funders will have a specified period to put in place alternative contractors to perform the project. Key issues will include the length of the suspensory period and the liability (if any) the Funders will incur while trying to save the project.

<sup>2</sup> A number of terms are defined by reference to various funding agreements. If this is the case a Master Definition Schedule should be appended to the Direct Agreement setting out all such definitions so that the intended meaning of all such terms is clear to all parties.

<b>“Event of Insolvency”</b>	means [incorporate appropriate cross references from Design Build Finance and Maintain Agreement] (inclusive) of a Project Co Event of Default;
<b>“Final Payment Date”</b>	means [ ];
<b>“Design Build Finance and Maintain Agreement”</b>	means an agreement dated [ ] between Project Co and the Authority relating to the [ ];
<b>“Project Co Event of Default”</b>	shall have the meaning given to it in the Design Build Finance and Maintain Agreement; <sup>3</sup>
<b>“Representative”</b>	means: <ul style="list-style-type: none"> <li>(a) the Agent, any Senior Funder and/or any of their Affiliates;</li> <li>(b) an administrator, administrative receiver, receiver or receiver and manager of Project Co appointed under the Security Documents;</li> <li>(c) a person directly or indirectly owned or controlled by the Agent and/or any Senior Funders; or</li> <li>(d) any other person approved by the Authority (such approval not to be unreasonably withheld or delayed);</li> </ul>
<b>“Required Period”</b>	means subject to paragraph [ REF _Ref321301134 \r \h \* MERGEFORMAT ] ( <i>No Liquid Market</i> ) the period starting on the date of a Termination Notice and: <ul style="list-style-type: none"> <li>(a) prior to the Payment Commencement Date, ending eighty (80) Business Days later; and</li> <li>(b) on or following the Payment Commencement Date, ending sixty (60) Business Days later;<sup>4</sup></li> </ul>
<b>“Security Documents”</b>	[list the security documents forming part of the Senior Funding Agreements];

<sup>3</sup> Definition to include not only the occurrence of an event of default under the credit agreement but also the taking of action to enforce repayment.

<sup>4</sup> In schemes where there is phased completion, the move from eighty (80) to sixty (60) Business Days should occur at the payment commencement date for the first phase.

<b>“Senior Debt Discharge Date”</b>	means the date on which all amounts owing by the Contractor to the Senior Funders under the Senior Funding Agreements have been irrevocably paid in full;
<b>“Senior Funders”</b>	means [insert details if not included in Design Build Finance and Maintain Agreement];
<b>“Step-In Date”</b>	means the date on which the Agent gives the Authority a Step-In Notice;
<b>“Step-In Notice”</b>	means the notice given by Project Co to the Authority pursuant to paragraph [ REF _Ref321301154 \r \h \* MERGEFORMAT ] ( <i>Representative</i> ) stating that the Agent is exercising the step-in rights under this Agreement and identifying the Appointed Representative;
<b>“Step-In Period”</b>	means the period from the Step-In Date up to and including the earlier of: <ul style="list-style-type: none"> <li>(a) the Step-Out Date;</li> <li>(b) the date of any transfer under paragraph [ REF _Ref321301172 \r \h \* MERGEFORMAT ] (<i>Novation</i>);</li> <li>(c) the date of any termination for breach under paragraph [ REF _Ref321301407 \r \h \* MERGEFORMAT ] (<i>Step-In Period</i>); and</li> <li>(d) the date of expiry of the Design Build Finance and Maintain Agreement;</li> </ul>
<b>“Step-Out Date”</b>	means the date falling twenty (20) Business Days after the date of a Step-Out Notice;
<b>“Step-Out Notice”</b>	means a notice from the Agent or Appointed Representative to the Authority pursuant to paragraph [ REF _Ref321301424 \r \h \* MERGEFORMAT ] ( <i>Step-Out</i> );
<b>“Suitable Substitute Contractor”</b>	means a person approved by the Authority (such approval not to be unreasonably withheld or delayed) as: <ul style="list-style-type: none"> <li>(a) having the legal capacity, power and authority to become a party to and perform the obligations of Project Co under the Authority Project</li> </ul>

Documents; and

- (b) employing persons having the appropriate qualifications, experience and technical competence and having the resources available to it (including committed financial resources and sub-contracts) which are sufficient to enable it to perform the obligations of Project Co under the Authority Project Documents;

**“Termination Notice”**

means a notice given by the Authority to the Agent under paragraph [ REF \_Ref321301467 \r \h \\* MERGEFORMAT ];

**“Unrestricted Assets”**

means those [Assets], excluding any revenues or cash balances or claims outstanding at the date of transfer under any Sub-Contract, which are required by the Authority or its nominee or any replacement of Project Co for the purposes of the construction, operation or maintenance of the Facilities following termination, assuming such construction, operation or maintenance is carried out on terms substantially the same as the terms of the Design Build Finance and Maintain Agreement.

**1.2 Interpretation**

- 1.2.1 Capitalised terms defined in the Design Build Finance and Maintain Agreement shall have the same meaning in this Agreement.
- 1.2.2 The clause and paragraph headings in this Agreement are for ease of reference only and are not to be taken into account in the construction or interpretation of any provision to which they refer.
- 1.2.3 Unless the context otherwise requires:
  - (a) a reference in this Agreement to any clause, sub-clause, paragraph, schedule or annex is, except where it is expressly stated to the contrary, a reference to such clause, sub-clause, paragraph, schedule or annex of this Agreement;
  - (b) references to this Agreement or to any other such document shall include any permitted variation, amendment or supplements to such document;



- (c) references to any enactment, order, regulation or other similar instrument shall be construed as a reference to the enactment, order, regulation or instrument (including any EU instrument) as amended or re-enacted;
- (d) references to a person includes firms and corporations and their successors and permitted assignees or transferees;
- (e) words in this Agreement importing any one gender include both other genders and may be used interchangeably; and
- (f) words in this Agreement importing the singular meaning, include the plural meaning and vice versa.

## 2 CONSENT TO SECURITY

- 2.1 The Authority acknowledges notice of, and consents to, the security interest granted over Project Co's rights under the Authority Project Documents<sup>5</sup> effected by Project Co in favour of the Senior Funders under the Security Documents.
- 2.2 The Authority confirms that it has not received notice of any other security interest granted over Project Co's rights under the Authority Project Documents.
- 2.3 Except as specifically provided for in this Agreement the Authority has no obligations (whether express, implied, collateral or otherwise) to the Agent and/or the Senior Funders in connection with this Agreement or the Authority Project Documents or the Project.
- 2.4 The Authority acknowledges notice of and consents to the security interest granted by Hold Co in favour of the Agent over the entire issued share capital of Project Co.<sup>6</sup>
- 2.5 [For the purposes of Clause 34.3 of the Design Build Finance and Maintain Agreement, Project Co and the Agent hereby authorise and instruct the Authority (and the Authority agrees) to pay all sums payable to Project Co under the Authority Project Documents to the [account] and Project Co and the Authority agree that upon the occurrence of an Enforcement Event, if so directed in writing by the Agent upon giving reasonable notice<sup>7</sup>, the Authority shall pay any sum which it is obliged to pay to Project Co under the Authority Project Documents to a bank account specified by the Agent.]
- 2.6 The Authority shall not be obliged to make any enquiry as to the authority of the Agent in doing any act or entering into any document or making any agreement

<sup>5</sup> It may be appropriate to incorporate an acknowledgement of the creation of security over other project documents (eg any leases to Project Co if applicable). It may also be appropriate to include in this clause an acknowledgement (if applicable) that Service Payments due from the Authority are to be made to a designated account of Project Co held by the Agent.

<sup>6</sup> This clause is not mandatory and will only be relevant in cases where a holding company structure is adopted by the sponsors.

<sup>7</sup> The Authority should not be exposed to the possibility that it may be too late to revoke a payment to Project Co which has already been set up, such that the Authority is at risk of having to pay twice.

under or in connection with this Agreement and the Authority shall be entitled to assume that the Agent is duly authorised by each of the Senior Funders to assume the obligations expressed to be assumed by it under this Agreement and to undertake on behalf of each Senior Funder in the terms of this Agreement so as to bind each Senior Funder as if it were a party hereto.

- 2.7 The rights of the Agent under this Agreement shall be extinguished upon the Final Payment Date.

### 3 NO TERMINATION WITHOUT NOTICE

- 3.1 Subject only to paragraph [ REF \_Ref321301467 \r \h \\* MERGEFORMAT ], the Authority may serve notice terminating the Design Build Finance and Maintain Agreement at any time if it is entitled to do so under the terms of the Design Build Finance and Maintain Agreement.

- 3.2 The Authority shall not terminate or serve notice terminating the Design Build Finance and Maintain Agreement in respect of a Project Co Event of Default without giving to the Agent:

- 3.2.1 at least the Required Period of prior written notice (a "**Termination Notice**") stating:

- (a) that a Project Co Event of Default has occurred and the proposed Termination Date; and
- (b) the grounds for termination in reasonable detail, and

- 3.2.2 not later than the date falling twenty (20) Business Days after the date of a Termination Notice a notice containing details of any amount owed by Project Co to the Authority, and any other liabilities or obligations of Project Co of which the Authority is aware (having made proper enquiry) which are:

- (a) accrued and outstanding at the time of the Termination Notice; and/or
- (b) which will fall due on or prior to the end of the Required Period, under the Design Build Finance and Maintain Agreement.

- 3.3 On becoming aware of an Enforcement Event the Agent shall give notice thereof to the Authority stating that an Enforcement Event has occurred and giving reasonable details thereof (an "**Enforcement Event Notice**") whereupon, subject to payment by the Agent of the Authority's reasonable costs and expenses in respect thereof (being such costs and expenses as would not have been incurred in respect of the provision of such information had an Enforcement Event Notice not been served) the provisions of paragraph [ REF \_Ref321301552 \r \h \\* MERGEFORMAT ] shall apply.

MERGEFORMAT ] shall apply as if references therein to a Termination Notice were to an Enforcement Event Notice.

#### 4 NO LIQUID MARKET

- 4.1 At any time during the Required Period the Agent may issue a written notice (the "**No Liquid Market Notice**") to the Authority setting out the reasons why the Agent does not believe that a Liquid Market exists.
- 4.2 On or before the date falling fourteen (14) Business Days after the date on which a No Liquid Market Notice is received by the Authority, the Authority shall notify the Agent of its opinion as to whether or not a Liquid Market exists. Where the Authority believes that a Liquid Market does exist, such notice shall set out the reasons for the Authority's belief. If the parties do not agree whether or not a Liquid Market exists, then either party may refer the dispute to be determined in accordance with paragraph [ REF \_Ref321301571 \r \h \\* MERGEFORMAT ] (*Disputes*) below.
- 4.3 If the parties agree or it is determined in accordance with Clause [ REF \_Ref321294788 \r \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*) of the Design Build Finance and Maintain Agreement that no Liquid Market exists, the Design Build Finance and Maintain Agreement shall automatically terminate and the provisions of paragraph [ REF \_Ref321410312 \w \h \\* MERGEFORMAT ] (*No Retendering Procedure*) of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) to the Design Build Finance and Maintain Agreement (*No Retendering*) shall apply.
- 4.4 If any dispute relating to this paragraph [ REF \_Ref321301134 \r \h \\* MERGEFORMAT ] (*No Liquid Market*) is determined pursuant to paragraph [ REF \_Ref321301571 \r \h \\* MERGEFORMAT ], the Required Period shall be extended by the period of time spent determining such dispute pursuant to paragraph [ REF \_Ref321301571 \r \h \\* MERGEFORMAT ].

#### 5 REPRESENTATIVE

- 5.1 Subject to paragraph [ REF \_Ref321303345 \r \h \\* MERGEFORMAT ] and without prejudice to the Agent's rights under the Security Documents, the Agent may give the Authority a Step-In Notice at any time:
- 5.1.1 during which a Project Co Event of Default or an Enforcement Event<sup>8</sup> is subsisting (whether or not a Termination Notice has been served); or
- 5.1.2 during the Required Period.
- 5.2 The Agent shall give the Authority not less than 5 Business Days prior notice of:

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<sup>8</sup> If Senior Funders are taking enforcement action, then there is no objection to there being a right of step-in, although in practice funders may not wish to step in if there is no Project Co Event of Default (and therefore no threat of termination of the Design Build Finance and Maintain Agreement).

- 5.2.1 its intention to issue a Step-In Notice; and
  - 5.2.2 the identity of the proposed Appointed Representative.
- 5.3 On the issue of the Step-In Notice, the Appointed Representative shall assume jointly with Project Co the rights of Project Co under the Authority Project Documents and thereafter, until the end of the Step-In Period the Authority shall deal with the Appointed Representative and not Project Co.

## 6 STEP-IN PERIOD

- 6.1 Notwithstanding paragraph [ REF \_Ref321303389 \r \h \\* MERGEFORMAT ] (*No Termination Without Notice*) above, the Authority may terminate the Design Build Finance and Maintain Agreement if:
- 6.1.1 any amount referred to in paragraph [ REF \_Ref321303505 \r \h \\* MERGEFORMAT ] above has not been paid to the Authority on or before the Step-In Date; or
  - 6.1.2 any amount referred to in paragraph [ REF \_Ref321303525 \r \h \\* MERGEFORMAT ] above has not been paid on or before the last day of the Required Period;
  - 6.1.3 amounts, of which the Authority was not aware (having made proper enquiry) at the time of the Termination Notice, subsequently become payable and are not discharged on or before the date falling twenty (20) Business Days after the date on which the liability of Project Co for these amounts is notified to the Agent or if later the Step-In Date; or
  - 6.1.4 grounds arise after the Step-In Date in accordance with the terms of the Design Build Finance and Maintain Agreement provided that Deductions and/or Warning Notices that arose pursuant to Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) to the Design Build Finance and Maintain Agreement prior to the Step-In Date shall not be taken into account during the Step-In Period but such Deductions and/or Warning Notices (to the extent applicable under the terms of the Design Build Finance and Maintain Agreement) shall be taken into account after the Step-Out Date.
- 6.2 The Authority shall not terminate the Design Build Finance and Maintain Agreement during the Step-In Period on grounds:
- 6.2.1 that the Agent has served a Step-In Notice or enforced any Security Document; or
  - 6.2.2 arising prior to the Step-In Date of which the Authority was aware (having made proper enquiry) and whether or not continuing at the Step-In Date unless:

- (a) the grounds arose prior to the Actual Completion Date, and the Actual Completion Date does not occur on or before the date twelve (12) months after the date on which the Authority would have been entitled to terminate the Design Build Finance and Maintain Agreement for non-completion of the Works under Clause [ REF \_Ref326592379 \r \h ] (*Long stop*) of the Design Build Finance and Maintain Agreement; or
- (b) the grounds arose after the Actual Completion Date, and neither the Appointed Representative nor Project Co is using all reasonable endeavours (including implementation of any remedial programme) to remedy any breach of the Design Build Finance and Maintain Agreement which:
  - (i) arose prior to the Step-In Date; and
  - (ii) is continuing (and capable of remedy); and
  - (iii) would have entitled the Authority to terminate the Design Build Finance and Maintain Agreement; or
- (c) the grounds (whenever they first arose) did not give rise to any right to terminate until after the Step-In Notice; or

6.2.3 arising solely in relation to Project Co

## 7 STEP-OUT

- 7.1 The Appointed Representative may at any time during the Step-In Period deliver to the Authority a Step-Out Notice which shall specify the Step-Out Date.
- 7.2 On expiry of the Step-In Period:
  - 7.2.1 the Appointed Representative will be released from all of its obligations and liabilities to the Authority under the Authority Project Documents arising prior to the end of the Step-In Period and rights of the Appointed Representative against the Authority will be cancelled;<sup>9</sup> and
  - 7.2.2 the Authority shall no longer deal with the Appointed Representative and shall deal with Project Co in connection with the Authority Project Documents.

<sup>9</sup> The effect of this provision is that rights and obligations which are outstanding from the Step-in Period are preserved and will be reflected in the amount of compensation payable by the Authority on early termination of the Design Build Finance and Maintain Agreement. It is not therefore necessary for the Authority to retain rights of action against the Appointed Representative after the end of the Step-in Period.

- 7.3 Project Co shall continue to be bound by the terms of the Design Build Finance and Maintain Agreement, notwithstanding the occurrence of a Step-In Notice, a Step-In Period, a Step-Out Notice, Step-Out Date, any action by the Agent or Appointed Representative or the Senior Funders and/or any provision of this Agreement.

## 8 NOVATION

- 8.1 Subject to paragraph [ REF \_Ref321303566 \r \h \\* MERGEFORMAT ], at any time:

8.1.1 after an Enforcement Event has occurred; or

8.1.2 during the Step-In Period,

the Agent may, subject to paragraph [ REF \_Ref321303566 \r \h \\* MERGEFORMAT ], on not less than twenty (20) Business Days' prior notice to the Authority and any Appointed Representative, procure the transfer of Project Co's rights and liabilities under the Authority Project Documents to a Suitable Substitute Contractor in accordance with the provisions of paragraph [ REF \_Ref321303595 \r \h \\* MERGEFORMAT ].

- 8.2 The Authority shall notify the Agent as to whether any person to whom the Agent proposes to transfer Project Co's rights and liabilities under the Authority Project Documents is a Suitable Substitute Contractor, on or before the date falling twenty (20) Business Days after the date of receipt from the Agent of all information reasonably required by the Authority to decide whether the proposed transferee is a Suitable Substitute Contractor.

- 8.3 The Authority shall not unreasonably withhold or delay its decision on whether the proposed transferee is a Suitable Substitute Contractor and it shall, without limitation, be reasonable for the Authority to withhold its consent if there are unremedied breaches under the Authority Project Documents and there is no rectification plan reasonably acceptable to the Authority in respect of the breaches.

- 8.4 Upon the transfer referred to in paragraph [ REF \_Ref321303620 \r \h \\* MERGEFORMAT ] becoming effective:

8.4.1 Project Co and the Authority will be released from their obligations under the Authority Project Documents to each other (the "discharged obligations");

8.4.2 the Suitable Substitute Contractor and the Authority will assume obligations towards each other which differ from the discharged obligations only insofar as they are owed to or assumed by the Suitable Substitute Contractor instead of Project Co;

- 8.4.3 the rights of Project Co against the Authority under the Authority Project Documents and vice versa (the "**discharged rights**") will be cancelled;
- 8.4.4 the Suitable Substitute Contractor and the Authority will acquire rights against each other which differ from the discharged rights only insofar as they are exercisable by or against the Suitable Substitute Contractor instead of Project Co;
- 8.4.5 any then subsisting ground for termination of the Design Build Finance and Maintain Agreement by the Authority shall be deemed to have no effect and any subsisting Termination Notice shall be automatically revoked;
- 8.4.6 the Authority shall enter into a direct agreement with the Suitable Substitute Contractor and a representative of Senior Funders lending to the Suitable Substitute Contractor on substantially the same terms as this Agreement; and
- 8.4.7 any Deductions and/or Warning Notices that arose pursuant to Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) [or due to [unavailability]] prior to that time shall, without prejudice to the rights of the Authority to make financial deductions, not be taken into account in determining whether a Project Co Event of Default has occurred.

## 9 MISCELLANEOUS

- 9.1 The Authority shall at Project Co's expense, take whatever action the Agent, an Appointed Representative or a Suitable Substitute Contractor taking a transfer in accordance with paragraph [ REF \_Ref321303620 \r \h \\* MERGEFORMAT ] may require for perfecting any transfer or release under paragraph [ REF \_Ref321301154 \r \h \\* MERGEFORMAT ] (*Representative*) above, paragraph [ REF \_Ref321301424 \r \h \\* MERGEFORMAT ] (*Step-Out*) above and paragraph [ REF \_Ref321301172 \r \h \\* MERGEFORMAT ] (*Novation*) above including the execution of any transfer or assignment, and the giving of any notice, order or direction and the making of any registration which, in each case, the Agent or Appointed Representative or Suitable Substitute Contractor reasonably requires.
- 9.2 The Authority shall not take any action to wind up, appoint an administrator or sanction a voluntary arrangement (or similar) in relation to Project Co.
- 9.3 This Agreement shall remain in effect until the earlier of:
  - 9.3.1 the Final Payment Date;
  - 9.3.2 the date of termination of the Design Build Finance and Maintain Agreement; or

- 9.3.3 the date of transfer of Project Co's rights and liabilities under the Authority Project Documents to a Suitable Substitute Contractor pursuant to paragraph [ REF \_Ref321303803 \r \h \\* MERGEFORMAT ] above.
- 9.4 The Agent, in respect of paragraphs [ REF \_Ref321303857 \r \h \\* MERGEFORMAT ], [ REF \_Ref321303871 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321303884 \r \h \\* MERGEFORMAT ], and Project Co, in respect of paragraph [ REF \_Ref321303897 \r \h \\* MERGEFORMAT ] shall promptly notify the Authority of:
- 9.4.1 any Enforcement Event and any action taken in connection with such Enforcement Event, any decisions to accelerate the maturity of any amounts owing by Project Co to the Senior Funders under the Senior Funders Agreement and/or any decisions to demand repayment;
- 9.4.2 the date referred to in paragraph [ REF \_Ref321410364 \w \h \\* MERGEFORMAT ] above on or before the date falling twenty (20) Business Days after its occurrence:
- 9.4.3 the details and amount of any proposed Additional Permitted Borrowing including:
- (a) the circumstances giving rise to it and reasons for it; and
- (b) the terms on which it will be borrowed;
- 9.4.4 on the first Business Day of each calendar month during which any Additional Permitted Borrowing is, or may be, subsisting, the amount outstanding under the Senior Funding Agreements (as the same may be amended (whether or not with the approval of the Authority))and, to the extent it is aware (having made reasonable and proper enquiry);
- (a) the amount of any [Distribution] made by Project Co; and
- (b) the amount of any credit balance on any account of Project Co.<sup>10</sup>
- 9.5 Project Co joins in this Agreement to acknowledge and consent to the arrangements set out and agrees not knowingly to do or omit to do anything that may prevent any party from enforcing its rights under this Agreement.

<sup>10</sup> For a Bond Transaction, 9.4.4 may be replaced by a new clause as follows if the Authority think this is appropriate:

- (a) on each [Payment Date] during which any Additional Permitted Borrowing is, or may be, subsisting, the amount outstanding under the Senior Funding Agreements and to the extent it is aware (having made reasonable and proper enquiry);
- (b) on each [Payment Date] and the first Business Day of each calendar month following a Distribution made by Project Co the amount of any Distribution made; and
- (c) on each [Payment Date] and on the first Business Day of each calendar month following 5 Business Days written notice from the Authority the amount of any credit balance on any account of Project Co.



- 9.6 For the avoidance of doubt, if there is any conflict or inconsistency between the provisions of this Agreement and the Design Build Finance and Maintain Agreement, the provisions of this Agreement shall prevail.
- 9.7 Notwithstanding any provision in the Collateral Agreements to the contrary, the Authority agrees that, subject to paragraphs [ REF \_Ref321303941 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321303974 \w \h \\* MERGEFORMAT ], it will not, in respect of any particular Collateral Agreement, exercise or seek to exercise any of its step-in rights or other rights (other than design, intellectual property or similar rights) under such Collateral Agreement until the earliest of:
- 9.7.1 the Senior Debt Discharge Date; or
- 9.7.2 the date on which the Agent has given its written consent to such exercise; or
- 9.7.3 the time when in respect of any such Collateral Agreement either:
- (a) the Senior Funders have failed to exercise any corresponding right to such Collateral Agreement under their own Security Documents and the time for exercising such right has ended in accordance with the terms thereof; or
- (b) the Agent has confirmed in writing to the Authority (following any request from the Authority for such confirmation, to which the Agent shall be obliged to respond promptly) that it does not intend to exercise any of its rights under the relevant Security Document or that it has no further claim thereunder; or
- (c) the Senior Funders have stepped in to or otherwise directly or indirectly taken control over the rights of Project Co under the relevant Sub-Contract (in accordance with their rights under their Security Documents) and then stepped out from, or otherwise relinquished control of such rights under or in connection with such Sub-Contract; or
- 9.7.4 the date falling [ ] months after the date on which the Design Build Finance and Maintain Agreement has been terminated in accordance with its terms and the terms of this Agreement.
- 9.8 In addition to its rights under paragraph [ REF \_Ref321303928 \r \h \\* MERGEFORMAT ], where the Design Build Finance and Maintain Agreement has not been terminated but a counterparty has a right to terminate its Sub-Contract for breach by Project Co of the terms of such Sub-Contract the Authority may pay directly, or undertake to make a payment directly to the counterparty concerned, amounts due pursuant to the Sub-Contract and may set off any such sums against any payments payable by the Authority to Project Co under the Design Build Finance and Maintain Agreement so as to satisfy them pro tanto, provided always that the Authority shall not exercise its rights under this paragraph [ REF \_Ref321303941 \r \h \\* MERGEFORMAT ] in respect of any particular Sub-

Contract in circumstances where the Senior Funders have stepped in to or otherwise directly or indirectly taken control over the relevant Sub-Contract and have not stepped out of it or otherwise relinquished such control.

- 9.9 In addition to its rights under paragraph [ REF \_Ref321303928 \r \h \\* MERGEFORMAT ], where the Design Build Finance and Maintain Agreement has been terminated, the Authority shall from the Termination Date be able to exercise any of its step-in rights or other rights under or in respect of any of the Collateral Agreements; however notwithstanding the terms of the Collateral Agreements or any other provisions of this paragraph [ REF \_Ref321303974 \r \h \\* MERGEFORMAT ], each of the relevant Sub-Contractors (and any guarantors thereof as relevant) shall remain responsible, and be liable, to Project Co in respect of all costs, claims, damages, losses and liabilities which shall have arisen out of or in connection with the relevant Sub-Contracts in respect of the period prior to the Termination Date in relation to which the Agent acting on behalf of Project Co and the Senior Funders shall retain the benefit of all and any rights to all such costs, claims, damages, losses and liabilities.
- 9.10 Except in accordance with the provisions of paragraphs [ REF \_Ref321303928 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321303974 \r \h \\* MERGEFORMAT ] (inclusive) the Authority shall not, prior to the Senior Debt Discharge Date:
- 9.10.1 claim, recover, retain or receive (or seek to claim, recover, retain or receive) any amount under the Collateral Agreements;
- 9.10.2 take any action to wind-up, appoint an administrator, seek an interim order appointee (under paragraph 3(b) of the Insolvency Act 1986 (as amended)) or sanction a voluntary arrangement (or similar) in relation to any Sub-Contractors; or
- 9.10.3 save with the prior written consent of the Agent, compete on grounds (whether in whole or in part) relating to the Project (by virtue of a claim under any of the Collateral Agreements, the Design Build Finance and Maintain Agreement or any other Project Document or otherwise) with the rights of the Senior Funders on any formal insolvency of any Sub-Contractor or Project Co, nor claim to be subrogated to the rights of any Senior Funders.
- 9.11 The Authority agrees and undertakes that if it receives any amount in contravention of the provisions of paragraph [ REF \_Ref321304027 \r \h \\* MERGEFORMAT ] above it will promptly turn the same over to the Agent and pending such payment hold the same on trust for the Agent and the Senior Funders.
- 9.12 Notwithstanding the terms of the Design Build Finance and Maintain Agreement and Security Documents, the Agent agrees that the Authority may exercise its rights to have transferred to it or its nominee any Unrestricted Assets following the Termination Date and the Agent will not exercise or seek to exercise any enforcement rights and shall on or before the date any Unrestricted Assets are transferred to the Authority or its nominee, as the case may be, release its security over them.

- 9.13 Notwithstanding the terms of any Senior Funding Agreements, the parties agree and shall, to the extent it is within their power, direct that all insurance proceeds receivable or received by Project Co under the insurances referred to in Clause [ REF \_Ref321843750 \w \h \\* MERGEFORMAT ] (*Insurance*) of the Design Build Finance and Maintain Agreement shall be paid directly into the Insurance Proceeds Account and applied in accordance with the Design Build Finance and Maintain Agreement.

## 10 ASSIGNATION

- 10.1 No party to this Agreement may assign or transfer any part of its rights or obligations under this Agreement save as provided in this paragraph [ REF \_Ref321304059 \r \h \\* MERGEFORMAT ] (*Assignment*).
- 10.2 The Agent may assign, novate or transfer its rights and obligations under this Agreement and in respect of the Security Documents to a successor Agent in accordance with the Senior Funding Agreements without the consent of the Authority and any such assignation novation or transfer shall not constitute a Change of Control for the purposes of Clause [ REF \_Ref321247740 \w \h \\* MERGEFORMAT ] of the Design Build Finance and Maintain Agreement. The Authority also agrees that any enforcement by the Agent of the security referred to in paragraph [ REF \_Ref321304098 \r \h \\* MERGEFORMAT ] above (and any subsequent transfer of share capital in Project Co) following an Enforcement Event shall not constitute a Project Co Event of Default under Clause [ REF \_Ref321244347 \w \h \\* MERGEFORMAT ] (*Change in Control*) of the Design Build Finance and Maintain Agreement.
- 10.3 Any Senior Funder may assign or transfer its rights under the [Senior Funding Agreements] in accordance with the terms of the [Senior Funding Agreements].
- 10.4 The Authority may transfer its rights and obligations under this Agreement to any permitted assignee of its interest in the Design Build Finance and Maintain Agreement and the Agent and the Senior Funders shall co-operate with the Authority in completing the formalities of any transfer or assignment including by executing any additional documents as may be required by the Authority.
- 10.5 If paragraph [ REF \_Ref321304128 \r \h \\* MERGEFORMAT ] applies in relation to the Agent, the Authority shall enter into a new direct Agreement with the new Agent on substantially the same terms as this Agreement.

## 11 ENTIRE AGREEMENT

Unless otherwise stated in this Agreement, this Agreement and the Authority Project Documents constitutes the entire agreement between the parties in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings concerning the subject matter of this Agreement. No party has relied on any representation except as expressly set out in this Agreement.

## 12 WAIVER

12.1 The failure of any party to exercise any contractual right or remedy shall not constitute a waiver thereof until communication in writing under paragraph [ REF \_Ref321304149 \r \h \\* MERGEFORMAT ].

12.2 No waiver shall be effective unless it is communicated in writing to the other party.

12.3 A waiver of any right or remedy arising from a breach of contract shall not constitute a waiver of any right or remedy arising from any other breach of this Agreement.

### 13 SEVERABILITY

If any term, condition or provision contained in this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remaining parts of this Agreement.

### 14 CONFIDENTIALITY

The Agent shall be bound to comply with the obligations on the part of Project Co contained in Clause [ REF \_Ref321294844 \r \h \\* MERGEFORMAT ] (*Confidentiality*) of the Design Build Finance and Maintain Agreement in relation to all information and matters obtained from any other party under or in connection with the Project.

### 15 NOTICES CONSENTS AND APPROVALS

15.1 Any notice served under or in connection with this Agreement is to be in writing and shall be deemed to have been served:-

15.1.1 if delivered at the time of delivery; or

15.1.2 if posted at noon (Greenwich mean time) one Business Day after posting; or

15.1.3 if set by fax at the time shown in the relevant transmission report for the complete fax.

provided that a notice or other communication received on a non-Business Day or after 5p.m. in the place of receipt shall be deemed to be received at 9a.m. on the next following Business Day in such place.

15.2 Any notice to be given to the Authority should be marked for the attention of [ ] and delivered to [ ] or faxed to [ ] or such other party or address or fax number as notified in writing to the Agent by the Authority.

15.3 Any notice to be given to the Agent should be marked for the attention of [ ] and delivered to [ ] or faxed to [ ] or such other party address or fax number as notified in writing to the Authority by the Agent.

15.4 Any consent or approval under this Agreement is required to be obtained before the act or event to which it applies is carried out or done and is to be treated as effective only if the consent or approval is given in writing.

## 16 SURVIVORSHIP

Notwithstanding the provisions of paragraph [ REF \_Ref321304197 \r \h \\* MERGEFORMAT ] and paragraphs [ REF \_Ref321303928 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321304244 \r \h \\* MERGEFORMAT ] (inclusive) (*Miscellaneous*) shall survive termination of this Agreement.

## 17 DISPUTES

17.1 All disputes shall be resolved in accordance with terms equivalent (mutatis mutandis) to the Dispute Resolution Procedure set out in the Design Build Finance and Maintain Agreement.

17.2 Project Co, the Authority and the Agent shall co-operate to facilitate the proper, just, economical and expeditious resolution of any and all such disputes which arise under this Agreement.

## 18 GOVERNING LAW

18.1 Subject to paragraph [ REF \_Ref321301571 \r \h \\* MERGEFORMAT ] (*Disputes*) above, this Agreement is governed by the laws of Scotland.

18.2 The parties agree that the courts of Scotland shall have exclusive jurisdiction to hear and settle any action, suit, proceeding or dispute in connection with this Agreement and irrevocably submit to the jurisdiction of those courts.

**IN WITNESS WHEREOF:**

**SCHEDULE PART 5**

**LAND MATTERS**

**SECTION 1 - TITLE CONDITIONS**

*[TO BE INSERTED]*

**SECTION 2 – RESERVED RIGHTS**

*[TO BE INSERTED]*

**SECTION 3 – ANCILLARY RIGHTS**

*[TO BE INSERTED]*

**SCHEDULE PART 6**  
**CONSTRUCTION MATTERS**  
**SECTION 1**  
**PLANNING/CONSENTS**

## SECTION 2

### SAFETY DURING CONSTRUCTION

- 1 In this Section [ REF SchedulePart6Section2 \h \\* MERGEFORMAT ] (*Safety During Construction*) of Schedule Part [ REF SchedulePart6 \h \\* MERGEFORMAT ] (*Construction Matters*) and wherever used elsewhere in this Agreement:
- 1.1 "**CDM Regulations**" means the Construction (Design and Management) Regulations 2007 (and "**CDM Regulation**" shall be construed accordingly); and
- 1.2 "the **client**", "**the CDM Co-ordinator**" and "the Executive" shall have the same meanings as are ascribed to them in the CDM Regulations.
- 2 In so far as not already done, within [ ] Business Days of the date of execution of this Agreement, Project Co shall make and serve on the Authority a declaration pursuant to and in the form (if any) required by CDM Regulation 8 that Project Co will act as the client in relation to the Works for all the purposes of the CDM Regulations. Notwithstanding the election made by Project Co in relation to CDM Regulation 8, the Authority will comply with its remaining obligations as set out in CDM Regulation 8. During the Project Term, Project Co shall not, and shall not seek to, withdraw, terminate or in any manner derogate from its declaration that it will act as, and its acceptance of its responsibilities as, the client in relation to the Works for all the purposes of the CDM Regulations. The Authority will endorse its consent, in writing, to such election on the said election and return it to Project Co within [ ] Business Days of receipt.
- 3 Project Co warrants that it has the competence, resources and capacity to, and shall, observe, perform and discharge or shall procure the observance, performance and discharge of:
- 3.1 all the obligations, requirements and duties of the client arising under the CDM Regulations in connection with the Works and, where necessary, the provision of the Services; and
- 3.2 all obligations incumbent on the client under any Code of Practice for the time being approved by the Health and Safety Commission pursuant to the Health and Safety at Work etc Act 1974 issued in connection with the CDM Regulations.
- 4 Project Co shall provide to the Authority's Representative:
- 4.1 in a substantially complete form on the Actual Completion Date; and
- 4.2 in final form within [ ] of the Actual Completion Date,
- one electronic copy (on computer disk, tape or other format) of each and every health and safety file and construction phase plan prepared by the CDM Co-ordinator pursuant to the CDM Regulations in relation to the Works and the Services and electronic or paper copies of every amendment or update made to such file during the Project Term.





**SECTION 3**  
**AUTHORITY'S CONSTRUCTION REQUIREMENTS**

**SECTION 4**  
**PROJECT CO'S PROPOSALS**

**SECTION 5**  
**REVIEWABLE DESIGN DATA**

**SECTION 6**  
**ROOM DATA SHEETS**

**SECTION 7**

**THERMAL AND ENERGY EFFICIENCY TESTING PROCEDURE**

**SECTION 8**  
**QUALITY PLANS (DESIGN AND CONSTRUCTION)**

**SCHEDULE PART 7**  
**THE PROGRAMME**



**SCHEDULE PART 8**  
**REVIEW PROCEDURE**

1 **REVIEW**

1.1 The provisions of this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*) shall apply whenever any item, document or course of action is required to be reviewed, approved or otherwise processed in accordance with Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*).

1.2 Subject to any express provision of this Agreement, the manner, form and timing of any submission to be made by Project Co to the Authority's Representative for review under this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*) shall be a matter for Project Co to determine. Each submission under this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*) shall be accompanied by a copy of the proposed document to be reviewed (including, where applicable, any Reviewable Design Data) or a statement of the proposed course of action (the entire contents of a submission being referred to in this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*) as a "**Submitted Item**"). In relation to each Submitted Item, the following procedure shall apply:

1.2.1 as soon as possible and, if the Submitted Item comprises:

- (a) an item of Reviewable Design Data;
- (b) a revised Programme submitted pursuant to Clause [ REF \_Ref321294856 \r \h \\* MERGEFORMAT ] (*Programme and Dates for Completion*); or
- (c) a document or proposed course of action submitted in the case of (an emergency),

within [ ] Business Days of the date of receipt of a submission (or re-submission, as the case may be) of the Submitted Item to the Authority's Representative (or such other period as the parties may agree), the Authority's Representative shall return one copy of the relevant Submitted Item to Project Co endorsed "no comment" or (subject to and in accordance with paragraph [ REF \_Ref321304989 \w \h ] (*Grounds for Objection*)) "comments" as appropriate; and

1.2.2 subject to paragraph [ REF \_Ref321304865 \r \h \\* MERGEFORMAT ], if the Authority's Representative fails to return a copy of any Submitted Item (including any re-submitted Submitted Item) duly endorsed in accordance with paragraph [ REF \_Ref321304889 \r \h \\* MERGEFORMAT ], within [ ] Business Days (or within such other period as the parties may agree in writing) of the date of its submission to the Authority's Representative, then the Authority's Representative shall be deemed to have returned the Submitted Item to Project Co

endorsed "no comment" (and, in the case of Reviewable Design Data, endorsed "Level A - no comment"); and

1.2.3 in relation to the aspects of each Finish identified in the table below:

- (a) Project Co shall submit to the Authority a range or selection of finishes ("**Range of Finishes**") no later than the relevant Finishes Proposal Date;
- (b) the Authority's Representative shall by the relevant Finishes Selection Date notify Project Co of its selection for the relevant Finish; and
- (c) if no selection of a Finish has been made by the Authority's Representative and notified to Project Co in accordance with paragraph [ REF \_Ref321304933 \r \h \\* MERGEFORMAT ][ REF \_Ref321304914 \r \h \\* MERGEFORMAT ] by the relevant Finish Selection Date, Project Co shall be entitled to make a selection from the Range of Finishes submitted in accordance with paragraph [ REF \_Ref321304933 \r \h \\* MERGEFORMAT ][ REF \_Ref321304957 \r \h \\* MERGEFORMAT ]. After the relevant Finish Selection Date, should the Authority wish to vary any selection previously made by Project Co or by the Authority, such variation shall be effected as a Change in accordance with Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*).

**Table of Finishes**

<b>Finishes</b>	<b>Aspects</b>	<b>Finishes Proposal Date</b>	<b>Finishes Selection Date</b>
External finishes (roof, windows and external elevations)	colour and material		
wall finishes	colour		
floor finishes	colour and type		
ironmongery	style and colour		
tapware	style and content		
main public light fittings	specification and style		
external signage	size, style, colour and location		
internal signage	size, style, colour and location		
light switches and sockets	style and colour		
light fittings	style and colour		
hard landscaping	colour and material		
<i>[others to be inserted on a project specific basis by the</i>			

Authority]			
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- 1.3 If the Authority's Representative raises comments on any Submitted Item in accordance with paragraph [ REF \_Ref321304989 \r \h ] (*Grounds for Objection*) he shall state the ground upon which such comments are based and the evidence or other information necessary to substantiate that ground. To the extent that the Authority's Representative comments on a Submitted Item other than on the basis set out in this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*), or fails to comply with the provisions of this paragraph, Project Co may, in its discretion, either:
- 1.3.1 request written clarification of the basis for such comments and, if clarification is not received within [ ] Business Days of such request by Project Co, refer the matter for determination in accordance with Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*); or
- 1.3.2 in the case of a Submitted Item comprising Reviewable Design Data only, at its own risk, and without prejudice to Clause [ REF \_Ref321294871 \r \h ] (*The Design, Construction and Commissioning Process*), proceed with further design or construction disregarding such comments pending the outcome of any reference to the Dispute Resolution Procedure that may be made by either party.
- 1.4 In the case of any Submitted Item of the type referred to in paragraph [ REF \_Ref321305019 \r \h ], a failure by the Authority's Representative to endorse and return such Submitted Item within the period specified in paragraph [ REF \_Ref321305033 \r \h ] shall be deemed to constitute an objection by the Authority's Representative to such Submitted Item. If the parties fail to agree the form and content of such Submitted Item, within [ ] Business Days following the expiry of the period specified in paragraph [ REF \_Ref321305033 \r \h ], the matter shall be determined in accordance with Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*).

## 2 FURTHER INFORMATION

Project Co shall submit any further or other information, data and documents that the Authority's Representative reasonably requires in order to determine whether he has a basis for raising comments or making objections to any Submitted Item in accordance with this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*). If Project Co does not submit any such information, data and documents, the Authority's Representative shall be entitled to:

- 2.1 comment on the Submitted Item on the basis of the information, data and documents which have been provided; or
- 2.2 object to the Submitted Item on the grounds that insufficient information, data and documents have been provided to enable the Authority's Representative to determine whether he has a legitimate basis for commenting or objecting in accordance with this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*).

## GROUNDS OF OBJECTION

The expression "raise comments" in this paragraph shall be construed to mean "raise comments or make objections" unless the contrary appears from the context. The Authority's Representative may raise comments in relation to any Submitted Item on the grounds set out in paragraph [ REF \_Ref321305086 \r \h ] (*Further Information*) above or on the ground that the Submitted Item would (on the balance of probabilities) breach any Law but otherwise may raise comments in relation to a Submitted Item only as follows:

- 3.1 in relation to any Submitted Item if:
  - 3.1.1 Project Co's ability to perform its obligations under this Agreement would (on the balance of probabilities) be adversely affected by the implementation of the Submitted Item; or
  - 3.1.2 the implementation of the Submitted Item would (on the balance of probabilities) adversely affect any right of the Authority under this Agreement or its ability to enforce any such right;
- 3.2 in relation to any Submitted Item submitted pursuant to Clause [ REF \_Ref321247273 \r \h ] (*Ancillary Documents*) if:
  - 3.2.1 the Authority's ability to perform its obligations under this Agreement would be adversely affected by the proposed course of action;
  - 3.2.2 the Authority's ability to provide the relevant Authority Services or to carry out any of its statutory functions would (on the balance of probabilities) be adversely affected by the proposed course of action;
  - 3.2.3 the proposed course of action would be likely to result in an increase to the Authority's liabilities or potential or contingent liabilities under this Agreement;
  - 3.2.4 the proposed course of action would adversely affect any right of the Authority under this Agreement or its ability to enforce any such right; or
  - 3.2.5 Project Co's ability to perform its obligations under this Agreement would be materially adversely affected by the proposed course of action;
- 3.3 in relation to Reviewable Design Data submitted pursuant to Clause [ REF \_Ref321239352 \r \h ]:
  - 3.3.1 which does not comprise 1:50 scale Room Layout Drawings the Authority's Representative may raise comments, subject to and in accordance with paragraph [ REF \_Ref321305128 \r \h ] (*Effect of Review*) on the ground that the Submitted Item is not in accordance with:

- (a) the Authority's Construction Requirements; and/or
  - (b) Project Co's Proposals;
  
- 3.3.2 which comprises a 1:50 scale Room Layout Drawing in respect of which there is a corresponding generic 1:50 scale Room Layout Drawing for the relevant room type (which has previously been reviewed and commented upon by the Authority's Representative in accordance with this Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (Review Procedure)), the Authority's Representative may raise comments, subject to and in accordance with paragraph [ REF \_Ref321305128 \r \h \\* MERGEFORMAT ] (Effect of Review), on the ground that the Submitted Item does not conform to the generic 1:50 scale Room Layout Drawing; and
  
- 3.3.3 which comprises a 1:50 scale Room Layout Drawing in respect of which there is no corresponding generic 1:50 scale Room Layout Drawing for the relevant room type (which has previously been reviewed and commented upon by the Authority's Representative in accordance with this Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (Review Procedure)), the Authority's Representative may raise comments, subject to and in accordance with paragraph [ REF \_Ref321305128 \r \h \\* MERGEFORMAT ] (Effect of Review), on the grounds that the Submitted Item:
  - (a) is not in accordance with the Authority's Construction Requirements and/or Project Co's Proposals; [or
  
  - (b) is inconsistent with the guidance contained in any current NHS Requirement which is applicable to a room of that function provided that such guidance has not been superseded by and is not inconsistent with any other provisions of the Authority's Construction Requirements (including any existing Approved RDD Item);]
  
- 3.4 in relation to a proposal to amend Project Co's Proposals and rectify (part of) the Works submitted pursuant to Clause [ REF \_Ref321239418 \r \h ], on the grounds that, following the amendment and rectification proposed:
  - 3.4.1 Project Co's Proposals would not satisfy the Authority's Construction Requirements; and/or
  
  - 3.4.2 the structural, mechanical and/or electrical performance of the Facilities would not be of an equivalent standard of performance to that set out in Project Co's Proposals prior to their amendment or rectification (for the purpose of this comparison disregarding the fault which required the amendment or rectification to be made);
  
- 3.5 in relation to Finishes:

- 3.5.1 which have the effect of making a selection from the Range of Finishes (or any alternative range or selection of Finishes submitted by Project Co to the Authority's Representative) pursuant to Clause [ REF \_Ref321294918 \r \h ]; or
  - 3.5.2 where the Submitted Item does not comply with the relevant provisions of the Authority's Construction Requirements and/or Project Co's Proposals;
- 3.6 in relation to the submission of any revised Programme pursuant to Clause [ REF \_Ref321294927 \r \h ] (*Programme and Dates for Completion*) on the ground that the revised Programme would not (on the balance of probabilities) enable the Works to be completed by the Completion Date;
- 3.7 in relation to the submission of any Quality Plan or part of a Quality Plan or any changes to any Quality Plan pursuant to Clause [ REF \_Ref321294939 \r \h ] or Clause [ REF \_Ref321239858 \r \h ] or any quality manual or procedure in accordance with Clause [ REF \_Ref321294959 \r \h ] (*Quality Manuals and Procedures*), on the grounds that such Quality Plans, or parts of or changes to such Quality Plans, quality manuals or procedures, or the quality management systems which they reflect, would not comply with:
- 3.7.1 in the case of the Design Quality Plan and the Construction Quality Plan referred to in Clause [ REF \_Ref321294976 \r \h ], the requirements referred to in Section [ REF SchedulePart6Section8 \h \\* MERGEFORMAT ] (*Quality Plans (Design and Construction)*) of Schedule Part [ REF SchedulePart6 \h ] (*Construction Matters*); and
  - 3.7.2 in the case of the Services Quality Plan referred to in Clause [ REF \_Ref321294982 \r \h ] (*Quality Assurance*), the requirements referred to in Section [ REF SchedulePart12Section3 \h \\* MERGEFORMAT ] (*Services Quality Plan*) of Schedule Part [ REF SchedulePart12 \h ] (*Service Requirements*);
- 3.8 in relation to the submission of any proposed revision or substitution for the Method Statements or any part of any Method Statement (as the case may be) pursuant to Clause [ REF \_Ref321240061 \r \h ], on the grounds that:
- 3.8.1 the proposed revision or substitution is not in accordance with Good Industry Practice;
  - 3.8.2 the performance of the Services in accordance with the proposed revision or substitution would (on the balance of probabilities):
    - (a) be materially different from the performance of the Services in accordance with the Method Statement prior to such proposed revision or substitution; or

- (b) be less likely to achieve compliance with the Service Level Specification; or
  - (c) have an adverse effect on the provision by the Authority of the relevant Authority Services at, or on the safety of any users of, the Facilities; or
- 3.8.3 the proposed revision or substitution would (on the balance of probabilities) result in an inferior standard of performance of the Services to the standard of performance in accordance with the Method Statement prior to such proposed revision or substitution; and
- 3.9 in relation to the submission of any Schedule of Programmed Maintenance pursuant to Clause [ REF \_Ref321295025 \r \h ], any revision to any Schedule of Programmed Maintenance pursuant to [ REF \_Ref321295032 \r \h \\* MERGEFORMAT ] or any submission of Unprogrammed Maintenance Works pursuant to Clause [ REF \_Ref321240108 \r \h ], on the grounds that:
  - 3.9.1 carrying out the Programmed Maintenance or the Unprogrammed Maintenance Works in the period or at the times suggested would (on the balance of probabilities) interfere with the operations of the Authority and such interference could be avoided or mitigated by Project Co rescheduling the Programmed Maintenance or the Unprogrammed Maintenance Works; or
  - 3.9.2 in relation to the Schedule of Programmed Maintenance, the proposed hours for carrying out the Programmed Maintenance are not consistent with the principles set out in Appendix 2, Table B to this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*); or
  - 3.9.3 the proposed method of performance of the Programmed Maintenance or the Unprogrammed Maintenance Works would not be in accordance with the Service Level Specification; or
  - 3.9.4 the safety of users of the Facilities would (on the balance of probabilities) be adversely affected; or
  - 3.9.5 the period for carrying out the Programmed Maintenance or the Unprogrammed Maintenance Works would (on the balance of probabilities) exceed the period reasonably required for the relevant works.
- 3.10 In relation to the submission of Project Co's proposals for the Handback Works, the Handback Programme and the Handback Amount pursuant to Schedule Part [ REF SchedulePart18 \h \\* MERGEFORMAT ] (*Handback Procedure*), on the grounds that:

- 3.10.1 in the case of the Handback Works, Project Co's proposals will not (on the balance of probabilities) ensure that the Handback Requirements are achieved by the Expiry Date;
- 3.10.2 in the case of the Handback Programme, performance of the Handback Works in accordance with the programme is not (on the balance of probabilities) capable of achieving satisfaction of the Handback Requirements by the Expiry Date; and
- 3.10.3 in the case of the Handback Amount, it does not represent the cost of carrying out the Handback Works according to the Handback Programme and the provisions of Schedule Part [ REF SchedulePart18 \h ] (*Handback Procedure*).

#### 4 EFFECT OF REVIEW

- 4.1 Any Submitted Item which is returned or deemed to have been returned by the Authority's Representative endorsed "no comment" (and in the case of Reviewable Design Data, endorsed "Level A - no comment") shall be complied with or implemented (as the case may be) by Project Co.
- 4.2 In the case of any Submitted Item other than Reviewable Design Data, if the Authority's Representative returns the Submitted Item to Project Co endorsed "comments", Project Co shall comply with such Submitted Item after amendment in accordance with the comments unless Project Co disputes that any such comment is on grounds permitted by this Agreement, in which case Project Co or the Authority's Representative may refer the matter for determination in accordance with Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*) and Project Co shall not act on the Submitted Item until such matter is so determined or otherwise agreed.
- 4.3 In the case of a Submitted Item comprising Reviewable Design Data, if the Authority's Representative returns the Submitted Item endorsed other than "Level A - no comment", Project Co shall:
  - 4.3.1 where the Authority's Representative has endorsed the Submitted Item "Level B - proceed subject to amendment as noted", either proceed to construct or proceed to the next level of design of the part of the Works to which the Submitted Item relates but take into account any amendments required by the Authority's Representative in his comments;
  - 4.3.2 where the Authority's Representative has endorsed the Submitted Item "Level C - subject to amendment as noted" not act upon the Submitted Item, amend the Submitted Item in accordance with the Authority's Representative's comments and re-submit the same to the Authority's Representative in accordance with paragraph [ REF \_Ref321305613 \r \h ]; and



4.3.3 where the Authority's Representative has endorsed the Submitted Item "Level D - rejected" not act upon the Submitted Item, amend the Submitted Item and re-submit the Submitted Item to the Authority's Representative in accordance with paragraph [ REF \_Ref321305613 \r \h ],

unless Project Co disputes that any such comment or proposed amendment is on grounds permitted by this Agreement, in which case Project Co or the Authority's Representative may refer the matter for determination in accordance with Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*) and Project Co shall not act on the Submitted Item until such matter is so determined or otherwise agreed except at its own risk in accordance with paragraph [ REF \_Ref321305670 \r \h ].

4.4 Within [ ] Business Days of receiving the comments of the Authority's Representative on any Submitted Item comprising Reviewable Design Data, Project Co shall (except in the case contemplated in paragraph [ REF \_Ref321305689 \r \h ]) send a copy of the Submitted Item as amended to the Authority's Representative pursuant to paragraph [ REF \_Ref321305750 \r \h ] and the provisions of paragraphs [ REF \_Ref321304889 \r \h ], [ REF \_Ref321305730 \r \h ] and [ REF \_Ref321305750 \r \h ] shall apply (changed according to context) to such re-submission.

4.5 The return or deemed return of any Submitted Item endorsed "no comment" (or in the case of Reviewable Design Data endorsed "Level A - no comment" or otherwise endorsed in accordance with paragraph [ REF \_Ref321305689 \r \h \\* MERGEFORMAT ] or [ REF \_Ref321305779 \r \h ]) shall mean that the relevant Submitted Item may be used or implemented for the purposes for which it is intended but, save to the extent expressly stated in this Agreement including, without limitation, as specified in Appendix 1 Table A to this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*), such return or deemed return of any Submitted Item shall not otherwise relieve Project Co of its obligations under this Agreement nor is it an acknowledgement by the Authority that Project Co has complied with such obligations.

## 5 DOCUMENTATION MANAGEMENT

5.1 Project Co shall issue [ ] copies of all Submitted Items to the Authority and compile and maintain a register of the date and contents of the submission of all Submitted Items.

5.2 Project Co shall compile and maintain a register of the date of receipt and content of all Submitted Items that are returned or deemed to be returned by the Authority's Representative.

5.3 Save to the extent set out in Appendix [ REF SchedulePart8Appendix1 \h \\* MERGEFORMAT ], Table [ REF SchedulePart8TableA \h \\* MERGEFORMAT ] to this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*) or elsewhere in this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*), no review, comment or approval by the Authority shall operate to exclude or limit Project Co's obligations or liabilities under this Agreement (or the Authority's rights under this Agreement).

## 6 CHANGES

- 6.1 No approval or comment or any failure to give or make an approval or comment under this Schedule Part [ REF SchedulePart8 \h ] shall constitute a Change save to the extent provided in this Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*).
- 6.2 If, having received comments from the Authority's Representative, Project Co considers that compliance with those comments would amount to a Change, Project Co shall, before complying with the comments, notify the Authority of the same and, if it is agreed by the parties or determined pursuant to Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*) that a Change would arise if the comments were complied with, the Authority may, if it wishes, implement the Change and it shall be dealt with in accordance with Schedule Part [ REF SchedulePart16 \h ] (*Change Protocol*). Any failure by Project Co to notify the Authority that it considers compliance with any comments of the Authority's Representative would amount to a Change shall constitute an irrevocable acceptance by Project Co that any compliance with the Authority's comments shall be without cost to the Authority and without any extension of time.
- 6.3 No alteration or modification to the design, quality and quantity of the Works arising from the development of detailed design or from the co-ordination of the design shall be construed or regarded as a Change.

**APPENDIX 1**

**TABLE A**

Approved RDD Item (by category)	Scale	Meaning of "Level A - no comment" and "Level B – proceed subject to amendment as noted" endorsement of Reviewable Design Data under Schedule Part [ REF SchedulePart8 \h ] ( <i>Review Procedure</i> ) (including both the actual and deemed endorsement).
Room Data Sheets	n/a	A "Level A - no comment" endorsement or a "Level B - proceed subject to amendment as noted" endorsement of any room data sheet means that Project Co may proceed to construct in accordance with the Submitted Item and that the Authority is satisfied that the design and other information in the relevant room data sheet satisfies Operational Functionality.
Drawings –  Development Control  Plan	1:1250	A "Level A - no comment" endorsement or a "Level B - proceed subject to amendment as noted" endorsement of any 1:1250 scale development control plan means that Project Co may proceed to construct in accordance with the Submitted Item and that the Authority is satisfied that the design and other information contained in the relevant drawing satisfies Operational Functionality.
Drawings –  Site Plan	1:500	A "Level A - no comment" endorsement or a "Level B - proceed subject to amendment as noted" endorsement of any 1:500 scale site plan means that Project Co may proceed to construct in accordance with the Submitted Item and that the Authority is satisfied that the design and other information contained in the relevant drawing satisfies Operational Functionality.
Drawings –  Floor Plans	1:200	A "Level A - no comment" endorsement or a "Level B - proceed subject to amendment as noted" endorsement of any 1:200 scale floor plan means that Project Co may proceed to construct in accordance with the Submitted Item and that the Authority is satisfied that the design and other information contained in the relevant drawing satisfies the Operational Functionality.
Drawings –  Room Layouts (including room elevations) &	1:50	A "Level A - no comment" endorsement or a "Level B - proceed subject to amendment as noted" endorsement of any 1:50 scale room layout and/or reflected ceiling drawing means that Project Co may proceed to construct in accordance with the Submitted Item and that the Authority is satisfied (to the extent of the design and other information contained in the relevant drawing) that the design

Reflected ceiling plans		and other information in the relevant drawing satisfies Operational Functionality.
Drawings –  Departmental plans	1:50	A "Level A - no comment" endorsement or a "Level B – proceed subject to amendment as noted" endorsement of any 1:50 scale departmental plan means that Project Co may proceed to construct in accordance with the Submitted Item and that the Authority is satisfied (to the extent of the design and other information contained in the relevant drawing) that the design and other information in the relevant drawing satisfies Operational Functionality.

## APPENDIX 2

### HOURS FOR PROGRAMMED MAINTENANCE

- 1 Subject to paragraphs [ REF\_Ref321305879 \r \h \\* MERGEFORMAT ] to [ REF\_Ref321305909 \r \h \\* MERGEFORMAT ] below, Project Co shall carry out Programmed Maintenance at the Facilities during the hours of [ ] to [ ] on [days] ("**Hours for Programmed Maintenance**")
- 2 Project Co may, with the consent of the Authority (which consent shall not be unreasonably withheld) carry out Maintenance Works outside the Hours for Programmed Maintenance provided always that it shall take into account:
- 2.1 the likely disturbance to the Authority and/or its staff and users within the immediate area where the Maintenance Works are to be undertaken;
- 2.2 the likely disturbance to adjacent areas, the Authority and/or its staff and users in those adjacent areas that may be affected by the Maintenance Works to be undertaken in the area(s) identified in (i) above; and
- 2.3 compliance with the Law.
- 3 Subject to paragraph [ REF\_Ref321305929 \r \h ], Project Co shall have access to the Facilities during the hours of operation to the areas set out in and in accordance with Table B below ("**Hours of Operation**") to carry out Programmed Maintenance.

TABLE B


- 4 Where Project Co requires access to an area of the Facilities during the Hours of Operation, Project Co will consult with and obtain the consent of [the member of personnel in charge of a department ("**Head of Department**")] concerning dates, times and periods during which Programmed Maintenance is to be undertaken in those [departments] so as to minimise disruption to those [departments].
- 5 The Authority may request Project Co to carry out Programmed Maintenance outside the Hours for Programmed Maintenance in the event that the carrying out of such Programmed Maintenance during the Hours for Programmed Maintenance would adversely affect the use of the department or area.

**SCHEDULE PART 9**  
**COLLATERAL AGREEMENTS**

## SECTION 1

### CONTRACTOR'S COLLATERAL AGREEMENT

#### COLLATERAL WARRANTY

##### AMONG:

- (1) [AUTHORITY] (the "**Authority**");
- (2) [CONTRACTOR] (the "**Contractor**");
- (3) [PROJECT CO] ("**Project Co**"); and
- (4) [SECURITY TRUSTEE] ("**Security Trustee**").

##### WHEREAS:

- (A) The Authority and Project Co have agreed the terms on which Project Co will design, develop and construct and provide certain services in connection with [description of facilities] (the "**Development**") at the Site (as that expression is defined in the Design Build Finance and Maintain Agreement) and, accordingly, have entered into the Design Build Finance and Maintain Agreement and the Project Documents.
- (B) [Description of financing arrangements].
- (C) [Description of documents entered into by Project Co as security for its obligations.]
- (D) The Contractor and Project Co have entered into an agreement (the "**Construction Contract**") of even date herewith relating to the provision of the Works (as defined in the Design Build Finance and Maintain Agreement) by the Contractor to enable Project Co to discharge its obligations to the Authority regarding such Works under the Design Build Finance and Maintain Agreement and the Project Documents.
- (E) This Contractor's Collateral Agreement (the "**Agreement**") is the Contractor's Collateral Agreement contemplated by the Design Build Finance and Maintain Agreement.

##### NOW IT IS HEREBY AGREED as follows:

#### 1 DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

In this Agreement, the following terms shall, unless the context otherwise requires, have the following meanings:

<b>"Ancillary Documents"</b>	has the meaning given in the Design Build Finance and Maintain Agreement;
<b>"Business Day"</b>	means a day other than a Saturday, Sunday or a bank holiday in Scotland;
<b>"Construction Contract"</b>	has the meaning given in the Design Build Finance and Maintain Agreement;
<b>"Design Build Finance and Maintain Agreement"</b>	means the Design Build Finance and Maintain Agreement of even date herewith between (1) the Authority and (2) Project

	Co;
<b>“Event of Project Co Default”</b>	has the meaning given in the Construction Contract;
<b>“Funders”</b>	means [ ];
<b>“Funders’ Contractor Direct Agreement”</b>	means [ ];
<b>“Funders’ Direct Agreement”</b>	is the agreement of even date herewith between, amongst others, Project Co, the Contractor and the Senior Funder;
<b>“Funding Agreements”</b>	means [ ];
<b>“Novation Agreement”</b>	has the meaning given in Clause [ REF _Ref321297536 \r \h \* MERGEFORMAT ];
<b>“Novation Effective Date”</b>	means the date of performance of the obligations set out in Clause [ REF _Ref321297590 \r \h \* MERGEFORMAT ] ( <i>Novation</i> );
<b>“Parent Company Guarantee”</b>	has the meaning given in the Construction Contract;
<b>“Proposed Novation Date”</b>	has the meaning given in Clause [ REF _Ref321298051 \r \h \* MERGEFORMAT ] ( <i>Proposed Substitute</i> );
<b>“Proposed Novation Notice”</b>	has the meaning given in Clause [ REF _Ref321298051 \r \h \* MERGEFORMAT ] ( <i>Proposed Substitute</i> );
<b>“Proposed Step-in Date”</b>	has the meaning given in Clause [ REF _Ref321298557 \r \h \* MERGEFORMAT ] ( <i>Step-in Notice</i> );
<b>“Proposed Substitute”</b>	has the meaning given in Clause [ REF _Ref321298051 \r \h \* MERGEFORMAT ] ( <i>Proposed Substitute</i> );
<b>“Security Documents”</b>	has the meaning given in the Funders’ Direct Agreement;
<b>“Senior Funder”</b>	means [insert details];
<b>“Step-in Date”</b>	means the date of issue of the Step-in Undertaking;
<b>“Step-in Notice”</b>	has the meaning given in Clause [ REF _Ref321298557 \r \h \* MERGEFORMAT ] ( <i>Step-in Notice</i> );
<b>“Step-in Period”</b>	means the period commencing on the Step-in Date and ending on the earliest of: <ul style="list-style-type: none"> <li>(a) the date of the first anniversary of the Step-in Date (but subject always to</li> </ul>



Clause [ REF \_Ref321298659 \r \h \\* MERGEFORMAT ] (*Extension of Step-in Period*);

- (b) the Step-out Date;
- (c) the Novation Effective Date; and
- (d) termination of the Construction Contract under Clause [ REF \_Ref321306101 \r \h \\* MERGEFORMAT ] (*Restriction of Right of Termination*);

<b>“Step-in Undertaking”</b>	has the meaning given in Clause [ REF _Ref321306126 \r \h \* MERGEFORMAT ];
<b>“Step-out Date”</b>	has the meaning given in Clause [ REF _Ref321306150 \r \h \* MERGEFORMAT ];
<b>“Termination Notice”</b>	has the meaning given in Clause [ REF _Ref321306167 \r \h \* MERGEFORMAT ] ( <i>Termination Notice</i> ).

## 1.2 Interpretation

Save to the extent that the context or the express provisions of this Agreement otherwise require:

- 1.2.1 headings and sub-headings are for ease of reference only and shall not be taken into consideration in the interpretation or construction of this Agreement;
- 1.2.2 all references to Clauses are references to Clauses of this Agreement;
- 1.2.3 all references to agreements, documents or other instruments include (subject to all relevant approvals) a reference to that agreement, document or instrument as amended, supplemented, substituted, novated or assigned from time to time;
- 1.2.4 all references to any statute or statutory provision shall include references to any statute or statutory provision which amends, extends, consolidates or replaces the same or which has been amended, extended, consolidated or replaced by the same and shall include any orders, regulations, codes of practice, instruments or other subordinate legislation made under the relevant statute or statutory provision;
- 1.2.5 any reference to time of day shall be a reference to Edinburgh time;

- 1.2.6 the words "herein", "hereto" and "hereunder" refer to this Agreement as a whole and not to the particular Clause in which such word may be used;
- 1.2.7 words importing the singular include the plural and vice versa;
- 1.2.8 words importing a particular gender include all genders;
- 1.2.9 "person" includes any individual, partnership, firm, trust, body corporate, government, governmental body, authority, agency, unincorporated body of persons or association;
- 1.2.10 any reference to a public organisation shall be deemed to include a reference to any successor to such public organisation or any organisation or entity which has taken over the functions or responsibilities of such public organisation;
- 1.2.11 references to "Party" means a party to this Agreement and references to "Parties" shall be construed accordingly;
- 1.2.12 all monetary amounts are expressed in pounds sterling;
- 1.2.13 references to the word "includes" or "including" are to be construed without limitation;
- 1.2.14 the obligations of any Party under this Agreement are to be performed at that Party's own cost and expense;
- 1.2.15 terms used in this Agreement that are defined in the Design Build Finance and Maintain Agreement or the Ancillary Documents shall have the meanings given to them in the Design Build Finance and Maintain Agreement or the Ancillary Documents, as appropriate.

## 2 TERMINATION NOTICE AND AUTHORITY TERMINATION

### 2.1 Contractor's Warranties and Undertakings

The Contractor warrants and undertakes to the Authority that it has complied with and fulfilled and shall continue to comply with and fulfil its duties and obligations arising under or by virtue of the Construction Contract, provided that the Authority shall only be entitled to make a claim against the Contractor under this Clause [ REF\_Ref321306202 \r \h ] (*Contractor's Warranties and Undertakings*) if the Design Build Finance and Maintain Agreement has terminated and shall not be entitled to do so during the Step-in Period or after the Construction Contract has been novated under Clause [ REF\_Ref321306250 \r \h ] (*Novation*).

### 2.2 Liability of Contractor

Any liability arising from any claim for breach of the warranty under or pursuant to Clause [ REF\_Ref321306202 \r \h \\* MERGEFORMAT ] (*Contractor's Warranties and Undertakings*) shall be in addition to and without prejudice to any other present or future liability of the Contractor to the Authority (including, without prejudice to the generality of the foregoing, any liability in negligence) and shall not be released, diminished or in any other way be affected by any independent enquiry into any relevant matter which may be made or carried out by or on behalf of the Authority by any person nor by any action or omission of any person whether or not such action or omission might give rise to an independent liability of such person to the Authority provided always that the Contractor shall owe no greater duties or obligations to the Authority under this Agreement than it owes or would have owed to Project Co under the Construction Contract. Without prejudice to Clause [ REF\_Ref321306436 \r \h \\* MERGEFORMAT ] (*Aggregate Liability*), the Contractor shall be entitled in any action or proceedings brought by the Authority under this Agreement to rely on any limitation or exclusion of liability in the Construction Contract and to raise equivalent rights in defence of liability (but excluding set-offs and counterclaims) as it would have against Project Co under the Construction Contract.

## 2.3 Termination Notice

2.3.1 The Contractor undertakes not to terminate the Construction Contract on account of an Event of Project Co Default without first giving the Authority not less than [fifteen (15)] Business Days' prior written notice specifying the grounds for that termination. Subject to Clause [ REF\_Ref321306538 \r \h \\* MERGEFORMAT ] below any such notice shall be a "**Termination Notice**".

2.3.2 Where the Contractor's right to terminate is subject to the terms of the Funders' Direct Agreement then the Contractor shall notify the Authority of the same as soon as reasonably practicable upon becoming aware of the provisions of the Funders' Direct Agreement applying. Thereafter as soon as the Contractor becomes entitled to terminate the Construction Contract free from the constraints contained in the Funders' Direct Agreement, whether upon the expiry of the Step-in Period (as such term is defined in the Funders' Direct Agreement) or otherwise, then the Contractor undertakes to the Authority not to terminate the Construction Contract on account of an Event of Project Co Default (whether occurring before or after the Contractor's right to terminate the Construction Contract was free from the constraints of the Funders' Direct Agreement) without first giving the Authority not less than [fifteen (15)] Business Days' prior notice specifying the grounds for that termination and noting that the Contractor's right of termination is not subject to the Funders' Direct Agreement. Any such notice, other than one given in circumstances where there is no default under the Construction Contract by Project Co or the Contractor, shall for the purposes of this Agreement also be a Termination Notice and the provisions of this Agreement shall apply accordingly.

2.3.3 Notwithstanding any provision of the Construction Contract to the contrary, on termination of the Design Build Finance and Maintain Agreement by the Authority, the Parties agree that the Construction Contract shall not come to an end except in accordance with the terms of this Agreement.

2.3.4 The Authority acknowledges that it shall not be entitled to exercise its rights under Clauses [ REF\_Ref321306591 \r \h ] (*Step-in and Step-out*) and [ REF\_Ref321297590 \r \h ] (*Novation*):

- (a) where the event giving rise to termination of the Design Build Finance and Maintain Agreement is a Contractor Event of Default (as that term is defined in the Construction Contract) whether or not at the relevant time there has been notice to terminate the Construction Contract for such Contractor Event of Default;
- (b) until the Security Trustee has released its security over the Construction Contract; or
- (c) until the Security Trustee has confirmed to the Authority in writing that it has no further claims or interest in the claims of Project Co or any Suitable Substitute Contractor (as such term is defined in the Funders' Contractor Direct Agreement) against the Contractor whether pursuant to the Security Documents, the Construction Contract or the enforcement of any rights under the Security Documents or the Funders' Contractor Direct Agreement.

### 3 STEP-IN AND STEP-OUT

#### 3.1 Step-in Notice

3.1.1 If the Authority has terminated the Design Build Finance and Maintain Agreement in accordance with the terms of the Design Build Finance and Maintain Agreement or if the Authority has received a Termination Notice, then subject to the provisions of this Agreement, the Authority may give written notice to the Contractor (copied to the Security Trustee) (a "**Step-in Notice**") of the intention of the Authority to issue a Step-in Undertaking on a specified date (the "**Proposed Step-in Date**") provided that such Proposed Step-in Date shall be:

- (a) no later than [five (5)] Business Days after termination of the Design Build Finance and Maintain Agreement where this has been terminated by the Authority; and
- (b) no earlier than the date falling five (5) Business Days prior to the date of expiry of the Termination Notice and no later than the date of expiry of the Termination Notice where a Termination Notice has been given by the Contractor.

3.1.2 Unless the Contractor otherwise consents, only one Step-in Notice may be given during the period of this Agreement. Subject to Clause [ REF\_Ref321306897 \r \h ] (*Rights of Termination*) below, the Contractor shall not be entitled to terminate the Construction Contract until after the Proposed Step-in Date.

## 3.2 Notice of Obligations and Step-in Undertaking

- 3.2.1 Within [three (3)] Business Days of receipt of any Step-in Notice, the Contractor shall give written notice to the Authority of any sums of which the Contractor has actual knowledge which are due and payable but unpaid by Project Co and of any other material obligations or liabilities, of which the Contractor has actual knowledge, which should have been performed or discharged by Project Co under the Construction Contract, in each case, as at the date of the Step-in Notice.
- 3.2.2 The Contractor shall inform the Authority in writing as soon as reasonably practicable of:
- (a) any change in such sums, obligations or liabilities referred to in Clause [ REF \_Ref321307467 \r \h \\* MERGEFORMAT ]; and
  - (b) any further sums, obligations or liabilities thereafter falling due and payable but unpaid or falling due for performance or discharge and unperformed or undischarged (as the case may be);

in each case of which the Contractor has actual knowledge, before the Step-in Date.

- 3.2.3 The Contractor shall give the Authority the information referred to in Clauses [ REF \_Ref321307467 \r \h ] and [ REF \_Ref321307542 \r \h ] in good faith and may not give any further notifications pursuant to Clause [ REF \_Ref321307542 \r \h ] less than [two (2)] Business Days prior to the Proposed Step-in Date. The Authority shall not be required to assume any liability under a Step-in Undertaking for any outstanding obligations or liabilities of Project Co to the Contractor which are not notified to the Authority pursuant to Clauses [ REF \_Ref321307467 \r \h ] or [ REF \_Ref321307542 \r \h ].
- 3.2.4 Not later than the Proposed Step-in Date the Authority shall decide if it is prepared to issue a Step-in Undertaking. If it does so decide, the Authority shall promptly give the Contractor written notification of such decision and, at the same time, provide a copy of such notification to the Senior Funder. The Authority shall deliver to the Contractor on the Proposed Step-in Date, a written undertaking in form and substance agreed with the Contractor (both the Authority and the Contractor acting reasonably) (the "**Step in Undertaking**"), incorporating a clause in terms similar to Clause [ REF \_Ref321308284 \r \h ] (but only to the extent that there will not be double counting of default interest accruing under the Construction Contract and this Agreement), and undertaking to the Contractor:
- (a) to pay or procure the payment to the Contractor, within [fifteen (15)] Business Days of demand by the Contractor, of any sum due and payable but unpaid by Project Co to the Contractor under the Construction Contract before the Step-in Date and

which has been notified by the Contractor to the Authority in accordance with Clause [ REF \_Ref321307467 \r \h ] or [ REF \_Ref321307542 \r \h ];

- (b) to perform or discharge or procure the performance or discharge of any unperformed or undischarged obligations of Project Co under the Construction Contract which shall have fallen due for performance or discharge before the Step-in Date and which have been notified by the Contractor to the Authority in accordance with Clause [ REF \_Ref321307467 \r \h ] or [ REF \_Ref321307542 \r \h ] within such period as the Contractor may reasonably require;
- (c) to pay or procure the payment of any sum due and payable by Project Co under the Construction Contract as a result of any act or omission occurring during the Step-in Period which shall arise from any act or omission occurring after the Step-in Date (but subject to Clauses [ REF \_Ref321308405 \r \h ] and [ REF \_Ref321308499 \r \h ]) but not, to avoid doubt, any sum due in respect of any Works carried out before the Step-in Date; and
- (d) to perform or discharge or procure the performance or discharge of any obligations of Project Co under the Construction Contract as a result of any act or omission occurring during the Step-in Period which shall arise from any act or omission occurring after the Step-in Date (but subject to Clauses [ REF \_Ref321308405 \r \h ] (*Step-Out*) and [ REF \_Ref321308499 \r \h ]) but not, to avoid doubt, to perform or discharge or to procure the performance or discharge of any obligations in respect of any Works carried before the Step-in Date.

3.2.5 Following notification of the Authority's decision pursuant to Clause [ REF \_Ref321306126 \r \h ], the Security Trustee shall, on or before the Proposed Step-in Date, take any action which is necessary unconditionally and irrevocably to release the Construction Contract and the Parent Company Guarantee from the security constituted by the Security Documents.

3.2.6 Upon release by the Security Trustee of its security over the Parent Company Guarantee in accordance with Clause [ REF \_Ref321308603 \r \h ], Project Co shall immediately assign all its rights and powers under the Parent Company Guarantee to the Authority in accordance with Clause [insert reference] of the same.

3.2.7 If the Authority shall not have issued the Step-in Undertaking on or before the Proposed Step-in Date the Step-in Notice shall be deemed to have been withdrawn and the rights and obligations of the Parties shall be construed as if the Step-in Notice had not been given.

### 3.3 Restriction of Right of Termination

During or in respect of the Step-in Period, the Contractor confirms to the Authority that it shall continue to observe and perform its duties and obligations under the Construction Contract and shall, without prejudice to Clause [ REF \_Ref321306897 \r \h ] (*Rights of Termination*), only be entitled to exercise its rights of termination under the Construction Contract:

- 3.3.1 by reference to an Event of Project Co Default arising during the Step-in Period provided that no event of default by Project Co under the Design Build Finance and Maintain Agreement (whether resulting in termination of the Design Build Finance and Maintain Agreement or otherwise, and notwithstanding that it has occurred during the Step-in Period) shall entitle the Contractor to exercise such rights of termination during the Step-in Period; or
- 3.3.2 if the Authority, in breach of the terms of the Construction Contract, fails to pay when due any amount owed to the Contractor or fails to perform or discharge when falling due for performance or discharge any obligation under the Step-in Undertaking or fails to procure such payment or performance or discharge; or
- 3.3.3 if such rights of termination arise in circumstances where there is no default under the Construction Contract by the Authority or the Contractor.

#### 3.4 **Step-Out**

- 3.4.1 the Authority may, at any time, give the Contractor at least [thirty (30)] days' prior written notice to terminate the Step-in Period on a date specified in the notice (the "**Step-out Date**");
- 3.4.2 the Authority shall give the Contractor at least [thirty (30)] days' prior written notice that (subject to Clause [ REF \_Ref321308672 \r \h ]) the Step-in Period will end due to the occurrence (subject to Clause [ REF \_Ref321308691 \r \h ] (*Extension of Step-in Period*)) of the first anniversary of the Step-in Date;

provided that:

- (a) the Authority has performed and discharged in full or procured the performance and discharge in full of any obligations of Project Co under the Construction Contract in relation to the maintenance of records and the provision of reports during the Step-in Period so as to permit the Contractor to monitor the performance of Project Co's other obligations under the Construction Contract; and
- (b) all liability under the Step-in Undertaking pursuant to any claims made up to the date specified in either Clause [ REF \_Ref321306150 \r \h ] or Clause [ REF \_Ref321308797 \r \h ]

(as the case may be) shall have been fully and unconditionally discharged,

the Authority shall be released from the Step-in Undertaking on the expiry of the Step-in Period in accordance with Clauses [ REF \_Ref321306150 \r \h ] and [ REF \_Ref321308797 \r \h ]. Such release shall not affect the continuation of Project Co's obligations towards the Contractor under the Construction Contract.

## 4 NOVATION

### 4.1 Proposed Substitute

At any time that the Authority is entitled to give a Step-in Notice pursuant to Clause [ REF \_Ref321298557 \r \h ] (*Step-in Notice*) or at any time during the Step-in Period the Authority may give notice (copied to the Security Trustee) (a "**Proposed Novation Notice**") to the Contractor that it wishes itself or another person (a "**Proposed Substitute**") to assume, by way of sale, transfer or other disposal, the rights and obligations of Project Co under the Construction Contract and specifying a date (the "**Proposed Novation Date**"):

- 4.1.1 falling not later than [fifteen (15)] Business Days after termination of the Design Build Finance and Maintain Agreement where this has been terminated by the Authority;
- 4.1.2 falling not later than the expiry of the Termination Notice where a Proposed Novation Notice is given by the Authority at a time when it is entitled to give a Step-in Notice pursuant to Clause [ REF \_Ref321298557 \r \h ] (*Step-in Notice*); and
- 4.1.3 falling not later than [twenty-eight (28)] Business Days after the date of the Proposed Novation Notice, where a Proposed Novation Notice is given during a Step-in Period.

Save as provided in Clause [ REF \_Ref321308902 \r \h ] (*Consent Withheld*), only one Proposed Novation Notice may be given during the period of this Agreement. Without prejudice to Clauses [ REF \_Ref321306101 \r \h ] (*Restriction of Right of Termination*) and [ REF \_Ref321306897 \r \h ] (*Rights of Termination*), the Contractor shall not be entitled to terminate the Construction Contract during the notice period specified in a Proposed Novation Notice.

### 4.2 Information for Consent to Novation

If the Proposed Novation Notice specifies the Authority as the Proposed Substitute, the Contractor's consent to the novation shall be deemed to have been given automatically. Where the Proposed Substitute is not the Authority, a novation in accordance with a Proposed Novation Notice shall only be effective if the Contractor consents to that novation in writing in accordance with Clause [ REF \_Ref321308978 \r \h ] (*Grant of Consent*) and the Authority shall (as soon as



practicable) supply the Contractor with the following information (copied to the Security Trustee):

- 4.2.1 the name and registered address of the Proposed Substitute;
- 4.2.2 the names of the shareholders in the Proposed Substitute and the share capital owned by each of them;
- 4.2.3 the names of the directors and the secretary of the Proposed Substitute;
- 4.2.4 details of the means by which it is proposed to finance the Proposed Substitute (including the extent to which such finance is committed and any conditions precedent as to its availability for drawing); and
- 4.2.5 the resources (including contractual arrangements) which are to be available to the Proposed Substitute to enable it to perform its obligations under the Construction Contract.

#### 4.3 **Grant of Consent**

The Contractor may withhold or delay consent to a novation only where the Proposed Substitute is not the Authority and the Authority has failed to show to the Contractor's satisfaction (acting reasonably) that:

- 4.3.1 the Proposed Substitute has the legal capacity, power and authorisation to become a party to and perform the obligations of Project Co under the Construction Contract; and
- 4.3.2 the technical competence and financial standing of and the technical and financial resources available to the Proposed Substitute are sufficient to perform the obligations of Project Co under the Construction Contract.

The Contractor shall notify the Authority in writing, within [five (5)] Business Days of the later of receipt of a Proposed Novation Notice and all information required under Clause [ REF \_Ref321309018 \r \h ] (*Information for Consent to Novation*), as to whether or not it has decided to grant such consent (together with an explanation of its reasons if it has decided to withhold its consent).

#### 4.4 **Consent withheld**

If, in accordance with Clause [ REF \_Ref321308978 \r \h ] (*Grant of Consent*), the Contractor withholds its consent to a Proposed Novation Notice, the Authority shall be entitled to give one or more subsequent Proposed Novation Notices, pursuant to the provisions of Clause [ REF \_Ref321298051 \r \h ] (*Proposed Substitute*), containing changed particulars relating to the same Proposed Substitute or particulars relating to another Proposed Substitute which (where the replacement Proposed Substitute is not the Authority) the Authority has good cause to believe

would fulfil the requirements of Clauses [ REF \_Ref321309564 \r \h ] and [ REF \_Ref321309566 \r \h ], provided that only one Proposed Novation Notice may be outstanding at any one time, and provided further that:

- 4.4.1 where a Step-in-Notice has not been issued, any revised Proposed Novation Date shall be a date falling no later than the date specified in Clause [ REF \_Ref321309597 \r \h ] or [ REF \_Ref321309599 \r \h ] as appropriate; and
- 4.4.2 if the Proposed Novation Notice was served during the Step-in Period, any revised Proposed Novation Date shall be a date falling not later than [twenty-eight (28)] Business Days after the date of the revised Proposed Novation Notice.

#### 4.5 Implementation of Novation

4.5.1 If the Contractor consents to a novation pursuant to a Proposed Novation Notice (whether automatically or otherwise), then on the Proposed Novation Date and without prejudice to Clause [ REF \_Ref321306897 \r \h ] (*Rights of Termination*),

- (a) following notification pursuant to Clause [ REF \_Ref321298051 \r \h \\* MERGEFORMAT ] (*Proposed Substitute*) and in the absence of any prior release in accordance with Clause [ REF \_Ref321308603 \r \h \\* MERGEFORMAT ], the Security Trustee shall, on or before the Proposed Novation Date, take any action which is necessary unconditionally and irrevocably to release the Construction Contract and the Parent Company Guarantee from the security constituted by the Security Documents; and
- (b) Project Co shall immediately assign all its rights and powers under the Parent Company Guarantee to the Authority in accordance with clause [insert reference] of the same and on the Proposed Novation Date and without prejudice to Clause [ REF \_Ref321306897 \r \h \\* MERGEFORMAT ] (*Rights of Termination*).

4.5.2 Subject to the prior performance by the Security Trustee and Project Co of their respective obligations under Clause [ REF \_Ref321309828 \r \h ] and Clause [ REF \_Ref321309831 \r \h ] the Proposed Substitute shall become a party to the Construction Contract in place of Project Co and, thereafter, shall be treated as if it was and had always been named as a party to the Construction Contract in place of Project Co; and

- (a) the Contractor, Project Co and the Proposed Substitute shall enter into a novation agreement (the "**Novation Agreement**") and any other requisite agreements, in form and substance satisfactory to the Contractor (acting reasonably), pursuant to which:

- (i) the Proposed Substitute shall be granted all of the rights of Project Co under the Construction Contract (including those arising prior to the end of the Step-in Period);
- (ii) subject to the Contractor giving to the Proposed Substitute within [three (3)] Business Days of receipt of the Proposed Novation Notice such notice as is referred to in Clause [ REF\_Ref321309896 \r \h \\* MERGEFORMAT ] and to the provisions of Clauses [ REF\_Ref321309898 \r \h \\* MERGEFORMAT ] and [ REF\_Ref321309900 \r \h \\* MERGEFORMAT ], mutatis mutandis, the Proposed Substitute shall assume all of the obligations and liabilities of Project Co under the Construction Contract (including those arising prior to the end of any Step-in Period and those arising during the period of the Proposed Novation Notice);

provided that the Contractor will not be in breach of any of its obligations under this Agreement if the Proposed Substitute does not enter into one or other of such agreements.

#### 4.5.3 On and after the Novation Effective Date:

- (a) the Contractor shall owe its obligations under the Construction Contract (whether arising before, on or after such date) to the Proposed Substitute and the receipt, acknowledgement or acquiescence of the Proposed Substitute shall be a good discharge; and
- (b) if the Authority shall have entered into a Step-in Undertaking, the Authority will be released from the Step-in Undertaking, provided that:
  - (i) all obligations of the Authority under the Step-in Undertaking which have accrued up to the Novation Effective Date and are identifiable as at that date shall have been fully and unconditionally discharged; and
  - (ii) the Authority has performed and discharged in full or procured the performance and discharge in full of the obligations of Project Co under the Construction Contract in relation to the maintenance of records and the provision of reports during the Step-in Period up to the Novation Effective Date so as to permit the Contractor to monitor the performance of Project Co's other obligations under the Construction Contract.

4.5.4 the Authority and the Contractor shall use all reasonable endeavours to agree and the Authority shall use reasonable endeavours to procure that the Proposed Substitute agrees any amendments to the Construction Contract necessary to reflect Clause [ REF \_Ref321309898 \r \h ] and the fact that the Design Build Finance and Maintain Agreement may have terminated at the time of the Novation Effective Date.

#### 4.6 Termination After Novation

After the Novation Effective Date the Contractor shall only be entitled to exercise its rights of termination under the Construction Contract:

4.6.1 in respect of any Event of Project Co Default arising after that date in accordance with the Construction Contract; or

4.6.2 if the Proposed Substitute does not discharge the obligations and liabilities assumed by it under Clause [ REF \_Ref321309962 \r \h ] which relate to matters arising prior to the end of the Step-in Period within [fifteen (15)] Business Days following the Novation Effective Date.

#### 4.7 Extension of Step-In Period

As at the date of the first anniversary of the Step-in Date, if the Step-in Period has not previously ended, and:

4.7.1 the Authority is in the course of conducting discussions in good faith with a Proposed Substitute (the novation to whom has been approved by the Contractor whether automatically or otherwise in accordance with Clause [ REF \_Ref321308978 \r \h ] (*Grant of Consent*)), the Step-in Period shall be extended and shall continue until such date as is proposed by the Authority and agreed by the Contractor; or

4.7.2 a contract has been entered into between the Authority and a Proposed Substitute (which has been approved by the Contractor in accordance with Clause [ REF \_Ref321308978 \r \h ] (*Grant of Consent*)) as at such date,

the Step-in Period shall be extended and shall continue until the date such contract comes into force, provided that such date shall not be later than [thirty (30)] Business Days after the last date of execution of such contract.

## 5 RIGHTS AND OBLIGATIONS UNDER THE CONSTRUCTION CONTRACT

### 5.1 Rights of Termination

If:

- 5.1.1 no Step-in Notice or Proposed Novation Notice is given before a Termination Notice expires or within [ ] Business Days after termination of the Design Build Finance and Maintain Agreement by the Authority; or
- 5.1.2 a Step-in Undertaking is not issued on the Proposed Step-in Date; or
- 5.1.3 the Step-in Notice is withdrawn or, pursuant to Clause [ REF \_Ref321310017 \r \h ], deemed to have been withdrawn; or
- 5.1.4 the Step-in Period ends before the occurrence of the Novation Effective Date; or
- 5.1.5 in the absence of a Step-in Undertaking, the Contractor withholds its consent to a novation pursuant to a Proposed Novation Notice, in accordance with Clause [ REF \_Ref321308978 \r \h ] (*Grant of Consent*), and does not subsequently grant consent to a novation in accordance with Clause [ REF \_Ref321310047 \r \h ] (*Consent Withheld*) on or before the Proposed Novation Date; or
- 5.1.6 in the absence of a Step-in Undertaking, the obligations of the Proposed Substitute set out in Clause [ REF \_Ref321310049 \r \h ] (*Implementation of Novation*) are not performed on the Proposed Novation Date; or
- 5.1.7 the Contractor is entitled to terminate the Construction Contract under Clause [ REF \_Ref321306101 \r \h ] (*Restriction of Right of Termination*) or [ REF \_Ref321310104 \r \h ] (*Termination after Novation*); or
- 5.1.8 the Authority exercises its right to Step-out under Clause [ REF \_Ref321306150 \r \h ],

the Contractor shall, on and from the Step-out Date, be entitled to:

- 5.1.9 exercise all of its rights under the Construction Contract and act upon any and all grounds for termination available to it in relation to the Construction Contract whenever occurring; and/or
- 5.1.10 pursue any and all claims and exercise any and all rights and remedies against Project Co.

## 5.2 Project Co's Obligations to Continue

Until completion of a novation pursuant to Clause [ REF \_Ref321310049 \r \h ] (*Implementation of Novation*) (unless the terms of such novation expressly preserve an obligation or liability of Project Co), Project Co shall continue to be liable for all its obligations and liabilities, whenever occurring, under or arising from the Construction Contract notwithstanding:

- 5.2.1 the service of a Step-in Notice or the issue of a Step-in Undertaking or the expiry of the Step-in Period or the release of a Step-in Undertaking; or
- 5.2.2 the service of a Proposed Novation Notice; or
- 5.2.3 any other provision of this Agreement.

## 6 REVOCATION OF NOTICES

A Termination Notice and a Step-in Notice may each be revoked (in writing to the recipient) by the Party giving them before the expiry of their respective notice periods. Upon any such revocation, the rights and obligations of the Parties shall be construed as if the relevant notice had not been given.

## 7 ASSIGNATION

### 7.1 Binding on Successors and Assignees

This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assignees. In the case of the Authority, its successors shall include any person to which the [Scottish Ministers], in exercising their statutory powers to transfer property, rights and liabilities of the Authority upon the Authority ceasing to exist, transfers the rights and obligations of the Authority under this Agreement.

### 7.2 Restriction on Assignment

No Party shall assign or transfer any part of its respective rights or obligations under this Agreement without the prior consent of the others (such consent not to be unreasonably withheld or delayed), provided that:

- 7.2.1 Project Co shall not assign this Agreement to any party other than a party to whom Project Co's interests in the Design Build Finance and Maintain Agreement and Construction Contract are assigned in accordance with the terms of the Design Build Finance and Maintain Agreement and Construction Contract respectively;
- 7.2.2 the Authority shall be entitled, without the consent of any other Party, to transfer all its rights and obligations hereunder, to any person to whom it assigns or otherwise disposes of the benefit of the Design Build Finance and Maintain Agreement in accordance with Clause [ REF \_Ref321310222 \r \h ] (*Assignment and Sub-Contracting*) of the Design Build Finance and Maintain Agreement and, otherwise, with Project Co's and the Contractor's consent (not to be unreasonably withheld or delayed);

- 7.2.3 nothing in this sub-clause shall restrict the rights of the [Scottish Ministers] to effect a statutory transfer;
- 7.2.4 the Contractor shall assign this Agreement to any party to whom it assigns the Construction Contract (in accordance with the terms of that agreement).
- 7.2.5 the Security Trustee may assign or transfer its rights and obligations to a successor trustee of the Funders under the Funding Agreement without the consent of any other Party and this Clause [ REF \_Ref321310248 \r \h ] shall not prevent any Funder assigning or transferring its rights under the Funding Agreements and the Security Documents in accordance with the terms of the Funding Agreements.

**7.3 No Loss**

The Contractor agrees that it shall not at any time assert that any permitted assignee in terms of this Agreement is precluded from recovering any loss resulting from any breach of this Agreement by reason that such assignee is not an original party to this Agreement or that no loss or a different loss has been suffered by such assignee.

**8 CONFIDENTIALITY**

- 8.1 The parties shall be bound to observe, mutatis mutandis, the terms of Clause [insert reference] of the Construction Contract with respect to any information or document referred to in Clause [insert reference] of the Construction Contract which shall come into its possession pursuant to this Agreement.]
- 8.2 The Contractor agrees that the Authority shall be entitled to disclose the terms of this Agreement in accordance with Clause [ REF \_Ref321310282 \r \h ] (*Confidentiality*) of the Design Build Finance and Maintain Agreement.

**9 NOTICES**

Any notice given under this Agreement shall be deemed to be duly given if it is delivered by hand or sent by recorded delivery to the party named therein at the address of such party shown in this Agreement or such other address as such party may by notice in writing nominate for the purpose of service and if sent by recorded delivery shall be deemed (subject to proof to the contrary) to have been received forty eight (48) hours after being posted.

**10 PAYMENTS AND TAXES**

**10.1 Payments**

All payments under this Agreement to any Party shall be made in pounds sterling by electronic transfer of funds for value on the day in question to the bank account of the recipient (located in the United Kingdom) specified to the other Parties from time to time.

## 10.2 **VAT**

10.2.1 All amounts stated to be payable by any Party under this Agreement shall be exclusive of any VAT properly payable in respect of the supplies to which they relate.

10.2.2 Each Party shall pay any VAT properly payable hereunder in respect of any supply made to it under this Agreement, provided that it shall first have received a valid tax invoice in respect of that supply which complies with the requirements of Part III VAT Regulations 1995.

## 10.3 **Deductions from payments**

All sums payable by a Party to any other Party under this Agreement shall be paid free and clear of all deductions or withholdings whatsoever in respect of taxation, save as may be required by Law.

## 11 **DEFAULT INTEREST**

Each Party shall be entitled, without prejudice to any other right or remedy, to receive interest on any payment not made on the due date calculated from day to day at a rate per annum equal to the Default Interest Rate from the day after the date on which payment was due up to and including the date of payment.

## 12 **AGGREGATE LIABILITY**

Notwithstanding any other provision of this Agreement, the Contractor's aggregate liability from time to time under this Agreement and the Construction Contract shall not at any time exceed its maximum liability as stated in the Construction Contract.

## 13 **PROFESSIONAL INDEMNITY INSURANCE**

13.1 The Contractor by this Agreement covenants with the Authority that it has at its own cost taken out, or procured the taking out of, professional indemnity insurance with reputable insurers carrying on business in the European Union with a limit of indemnity of not less than £[ ],000,000 ([ ] million pounds) [on an each and every claim basis][in the annual aggregate] with at least one annual reinstatement, in relation to the Works, provided always that:

13.2 such insurance shall be in place from the commencement of the Works until no less than 12 years after the Actual Completion Date or, if earlier, after the date of termination of the Construction Contract;



- 13.3 the insurance premiums in respect of the insurance shall at all times be the responsibility of the Contractor;
- 13.4 if such insurance is not available to the Contractor (and/or design and build contractors engaged in projects of a similar scope, size, nature and complexity as the Contractor) at commercially reasonable rates and terms (excluding any increase in premiums attributable to the actions, omissions, errors or defaults of the Contractor), the Contractor and the Authority will meet and the Contractor will outline the steps it intends to take to manage such risks. If the steps proposed by the Contractor are not acceptable to the Authority (acting reasonably), the Contractor and the Authority shall agree an alternative method of managing such risk.
- 13.5 The Contractor will, upon request, provide the Authority with reasonable evidence that the policy referred to in this Clause [ REF \_Ref321310325 \r \h ] (*Professional Indemnity Insurance*) is in full force and effect in accordance with the requirements of this Clause [ REF \_Ref321310325 \r \h ] (*Professional Indemnity Insurance*).

## 14 **THIRD PARTY RIGHTS**

It is agreed that this Agreement is not intended to, and does not, give to any person who is not a party to this Agreement any rights to enforce any provisions contained herein except for any person to whom the benefit of this Agreement is assigned or transferred in accordance with Clause [ REF \_Ref321310359 \r \h \\* MERGEFORMAT ] (*Assignment*).

## 15 **AGENCY**

### 15.1 **No Delegation**

No provision of this Agreement shall be construed as a delegation by the Authority of any of its statutory authority to any other Party.

### 15.2 **No Agency**

Save as otherwise provided in this Agreement, no other Party shall be or be deemed to be an agent of the other Parties nor shall any party hold itself out as having authority or power to bind the other parties in any way.

### 15.3 **Independent Contractor**

The Parties shall, at all times, be independent contractors and nothing in this Agreement shall be construed as creating any partnership between the Parties or any relationship of employer and employee between the Parties.

## 16 **WHOLE AGREEMENT**

- 16.1 This Agreement (when read together with the Design Build Finance and Maintain Agreement, the Construction Contract and the Parent Company Guarantee) contains or expressly refers to the entire agreement between the Parties with respect to the specific subject matter of this Agreement and expressly excludes any warranty, condition or other undertaking implied at Law or by custom and supersedes all previous agreements and understandings between the Parties with respect thereto and each of the Parties acknowledges and confirms that it does not enter into this Agreement in reliance on any representation, warranty or other undertaking not fully reflected in the terms of this Agreement.
- 16.2 Nothing in this Agreement is intended to or shall operate so as to exclude or limit any liability for fraud or fraudulent misrepresentation.

17 **WAIVER**

Failure by any Party at any time to enforce any provision of this Agreement or to require performance by the other Parties of any provision of this Agreement shall not be construed as a waiver of such provision and shall not affect the validity of this Agreement or any part of it or the right of the relevant Party to enforce any provision in accordance with its terms.

18 **SEVERABILITY**

If any condition, Clause or provision of this Agreement not being of a fundamental nature, is held to be illegal or unenforceable, the validity or enforceability of the remainder of this Agreement shall not be affected thereby.

19 **COSTS AND EXPENSES**

Each Party shall be responsible for paying its own costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement.

20 **AMENDMENTS**

No amendment to this Agreement shall be binding unless in writing and signed by the duly authorised representatives of the Parties.

21 **GOVERNING LAW AND JURISDICTION**

21.1 **Law**

This Agreement shall be governed by and construed in all respects in accordance with Scottish law.

21.2 **Jurisdiction**

The Parties each submit to the jurisdiction of the Scottish Courts as regards any claim or matter arising in relation to this Agreement.

**IN WITNESS WHEREOF** these presents consisting of this and the [ ] preceding pages are executed as follows:-

## SECTION 2

### SERVICE PROVIDER COLLATERAL AGREEMENT

#### COLLATERAL WARRANTY

##### AMONG:

- (1) [AUTHORITY] (the "**Authority**");
- (2) [SERVICE PROVIDER] (the "**Service Provider**");
- (3) [PROJECT CO] ("**Project Co**"); and
- (4) [SECURITY TRUSTEE] ("**Security Trustee**").

##### WHEREAS:

- (A) The Authority and Project Co have agreed the terms on which Project Co will design, develop and construct and provide certain services in connection with the redevelopment of [description of facilities] (the "**Development**") at the Site (as that expression is defined in the Design Build Finance and Maintain Agreement) and, accordingly, have entered into the Design Build Finance and Maintain Agreement and the Project Documents.
- (B) [Description of financing arrangements].
- (C) [Description of documents entered into by Project Co as security for its obligations.]
- (D) The Service Provider and Project Co have entered into an agreement of even date herewith relating to the provision of certain of the Services (as defined in the Design Build Finance and Maintain Agreement) by the Service Provider to enable Project Co to discharge its obligations to the Authority regarding such Services under the Design Build Finance and Maintain Agreement and the Project Documents (the "**Service Contract**").
- (E) This Service Provider's Collateral Agreement (the "**Agreement**") is one of the Service Providers' Collateral Agreements contemplated by the Design Build Finance and Maintain Agreement.

##### NOW IT IS HEREBY AGREED as follows:

#### 1 DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

In this Agreement, the following terms shall, unless the context otherwise requires, have the following meanings:

<b>"Ancillary Documents"</b>	has the meaning given in the Design Build Finance and Maintain Agreement;
<b>"Business Day"</b>	means a day other than a Saturday, Sunday or a bank holiday in Scotland;
<b>"Design Build Finance and Maintain Agreement"</b>	means the Design Build Finance and Maintain Agreement of even date herewith between (1) the Authority and (2) Project Co;

<b>“Event of Project Co Default”</b>	has the meaning given in the Service Contract;
<b>“Funders”</b>	means [ ];
<b>“Funders' Direct Agreement”</b>	is the agreement of even date herewith between, amongst others, Project Co, the Service Provider and the Senior Funder;
<b>“Funders' Service Provider Direct Agreement”</b>	means [ ];
<b>“Funding Agreements”</b>	means [ ];
<b>“Novation Agreement”</b>	has the meaning given in Clause [ REF _Ref321308499 \r \h \* MERGEFORMAT ];
<b>“Novation Effective Date”</b>	means the date of performance of the obligations set out in Clause [ REF _Ref321297590 \r \h \* MERGEFORMAT ] ( <i>Novation</i> );
<b>“Parent Company Guarantee”</b>	has the meaning given in the Service Contract;
<b>“Proposed Novation Date”</b>	has the meaning given in Clause [ REF _Ref321298051 \r \h \* MERGEFORMAT ] ( <i>Proposed Substitute</i> );
<b>“Proposed Novation Notice”</b>	has the meaning given in Clause [ REF _Ref321298051 \r \h \* MERGEFORMAT ] ( <i>Proposed Substitute</i> );
<b>“Proposed Step-in Date”</b>	has the meaning given in Clause [ REF _Ref321298557 \r \h \* MERGEFORMAT ] ( <i>Step-in Notice</i> );
<b>“Proposed Substitute”</b>	has the meaning given in Clause [ REF _Ref321298051 \r \h \* MERGEFORMAT ] ( <i>Proposed Substitute</i> );
<b>“Security Documents”</b>	has the meaning given in the Funders' Direct Agreement;
<b>“Senior Funder”</b>	means [insert details];
<b>“Service Contract”</b>	has the meaning given in the Design Build Finance and Maintain Agreement;
<b>“Step-in Date”</b>	means the date of issue of the Step-in Undertaking;
<b>“Step-in Notice”</b>	has the meaning given in Clause [ REF _Ref321298557 \r \h \* MERGEFORMAT ] ( <i>Step-in Notice</i> );
<b>“Step-in Period”</b>	means the period commencing on the Step-in Date and ending on the earliest of: <ul style="list-style-type: none"> <li>(a) the date of the first anniversary of the Step-in Date (but subject always to Clause [ REF _Ref321298659 \r \h \* MERGEFORMAT ]</li> </ul>

MERGEFORMAT ] (*Extension of Step-in Period*));

- (b) the Step-out Date;
- (c) the Novation Effective Date; and
- (d) termination of the Service Contract under Clause [ REF \_Ref321306101 \r \h \\* MERGEFORMAT ] (*Restriction of Right of Termination*);

**"Step-in Undertaking"** has the meaning given in Clause [ REF \_Ref321310483 \r \h \\* MERGEFORMAT ];

**"Step-out Date"** has the meaning given in Clause [ REF \_Ref321306150 \r \h \\* MERGEFORMAT ];

**"Termination Notice"** has the meaning given in Clause [ REF \_Ref321310653 \r \h \\* MERGEFORMAT ] (*Termination Notice*).

## 1.2 Interpretation

Save to the extent that the context or the express provisions of this Agreement otherwise require:

- 1.2.1 headings and sub-headings are for ease of reference only and shall not be taken into consideration in the interpretation or construction of this Agreement;
- 1.2.2 all references to Clauses are references to Clauses of this Agreement;
- 1.2.3 all references to agreements, documents or other instruments include (subject to all relevant approvals) a reference to that agreement, document or instrument as amended, supplemented, substituted, novated or assigned from time to time;
- 1.2.4 all references to any statute or statutory provision shall include references to any statute or statutory provision which amends, extends, consolidates or replaces the same or which has been amended, extended, consolidated or replaced by the same and shall include any orders, regulations, codes of practice, instruments or other subordinate legislation made under the relevant statute or statutory provision;
- 1.2.5 any reference to time of day shall be a reference to Edinburgh time;
- 1.2.6 the words "herein", "hereto" and "hereunder" refer to this Agreement as a whole and not to the particular Clause in which such word may be used;

- 1.2.7 words importing the singular include the plural and vice versa;
- 1.2.8 words importing a particular gender include all genders;
- 1.2.9 "person" includes any individual, partnership, firm, trust, body corporate, government, governmental body, authority, agency, unincorporated body of persons or association;
- 1.2.10 any reference to a public organisation shall be deemed to include a reference to any successor to such public organisation or any organisation or entity which has taken over the functions or responsibilities of such public organisation;
- 1.2.11 references to "Party" means a party to this Agreement and references to "Parties" shall be construed accordingly;
- 1.2.12 all monetary amounts are expressed in pounds sterling;
- 1.2.13 references to the word "includes" or "including" are to be construed without limitation;
- 1.2.14 the obligations of any Party under this Agreement are to be performed at that Party's own cost and expense;
- 1.2.15 terms used in this Agreement that are defined in the Design Build Finance and Maintain Agreement or the Ancillary Documents shall have the meanings given to them in the Design Build Finance and Maintain Agreement or the Ancillary Documents, as appropriate.

## 2 TERMINATION NOTICE AND AUTHORITY TERMINATION

### 2.1 Service Provider's Warranties and Undertakings

The Service Provider warrants and undertakes to the Authority that it has complied with and fulfilled and shall continue to comply with and fulfil its duties and obligations arising under or by virtue of the Service Contract, provided that the Authority shall only be entitled to make a claim against the Service Provider under this Clause [ REF \_Ref321313365 \r \h ] (*Service Provider's Warranties and Undertakings*) if the Design Build Finance and Maintain Agreement has terminated and shall not be entitled to do so during the Step-in Period or after the Service Contract has been novated under Clause [ REF \_Ref321297590 \w \h ] (*Novation*).

### 2.2 Liability of Service Provider

Any liability arising from any claim for breach of the warranty under or pursuant to Clause [ REF \_Ref321313365 \w \h ] (*Service Provider's warranties and*

*Undertakings*) shall be in addition to and without prejudice to any other present or future liability of the Service Provider to the Authority (including, without prejudice to the generality of the foregoing, any liability in negligence) and shall not be released, diminished or in any other way be affected by any independent enquiry into any relevant matter which may be made or carried out by or on behalf of the Authority by any person nor by any action or omission of any person whether or not such action or omission might give rise to an independent liability of such person to the Authority provided always that the Service Provider shall owe no greater duties or obligations to the Authority under this Agreement than it owes or would have owed to Project Co under the Service Contract. Without prejudice to Clause [ REF \_Ref321306436 \w \h ] (*Aggregate Liability*), the Service Provider shall be entitled in any action or proceedings brought by the Authority under this Agreement to rely on any limitation or exclusion of liability in the Service Contract and to raise equivalent rights in defence of liability (but excluding set-offs and counterclaims) as it would have against Project Co under the Service Contract.

### 2.3 [Retained Employee Indemnity

If the Design Build Finance and Maintain Agreement is terminated because of a Project Co default then the Service Provider shall indemnify and keep indemnified the Authority against all Direct Losses relating to any contractual claims made by Retained Employees as a consequence of their redundancy resulting from the early termination of the Design Build Finance and Maintain Agreement and/or the Service Contract. The Authority will use reasonable endeavours to mitigate such Direct Losses.]

### 2.4 Termination Notice

2.4.1 The Service Provider undertakes not to terminate the Service Contract on account of an Event of Project Co Default without first giving the Authority not less than [fifteen (15)] Business Days' prior written notice specifying the grounds for that termination. Subject to Clause [ REF \_Ref321315016 \w \h ] below any such notice shall be a "**Termination Notice**".

2.4.2 Where the Service Provider's right to terminate is subject to the terms of the Funders' Direct Agreement then the Service Provider shall notify the Authority of the same as soon as reasonably practicable upon becoming aware of the provisions of the Funders' Direct Agreement applying. Thereafter as soon as the Service Provider becomes entitled to terminate the Service Contract free from the constraints contained in the Funders' Direct Agreement, whether upon the expiry of the Step-in Period (as such term is defined in the Funders' Direct Agreement) or otherwise, then the Service Provider undertakes to the Authority not to terminate the Service Contract on account of an Event of Project Co Default (whether occurring before or after the Service Provider's right to terminate the Service Contract was free from the constraints of the Funders' Direct Agreement) without first giving the Authority not less than [fifteen (15)] Business Days' prior notice specifying the grounds for that termination and noting that the Service Provider's right of termination is not subject to the Funders' Direct Agreement. Any such notice, other than one given in circumstances where there is no default under the Service Contract by Project Co or the Service Provider, shall for the purposes of this Agreement also be a Termination Notice and the provisions of this Agreement shall apply accordingly.



- 2.4.3 Notwithstanding any provision of the Service Contract to the contrary, on termination of the Design Build Finance and Maintain Agreement by the Authority, the Parties agree that the Service Contract shall not come to an end except in accordance with the terms of this Agreement.
- 2.4.4 The Authority acknowledges that it shall not be entitled to exercise its rights under Clauses [ REF\_Ref321306591 \w \h ] (*Step-in and Step-out*) and [ REF\_Ref321306250 \w \h ] (*Novation*):
- (a) where the event giving rise to termination of the Design Build Finance and Maintain Agreement is a Service Provider Event of Default (as that term is defined in the Service Contract) whether or not at the relevant time there has been notice to terminate the Service Contract for such Service Provider Event of Default;
  - (b) until the Security Trustee has released its security over the Service Contract; or
  - (c) until the Security Trustee has confirmed to the Authority in writing that it has no further claims or interest in the claims of Project Co or any Suitable Substitute Contractor (as such term is defined in the Funders' Service Provider Direct Agreement) against the Service Provider whether pursuant to the Security Documents, the Service Contract or the enforcement of any rights under the Security Documents or the Funders' Service Provider Direct Agreement.

### 3 STEP-IN AND STEP-OUT

#### 3.1 Step-in Notice

- 3.1.1 If the Authority has terminated the Design Build Finance and Maintain Agreement in accordance with the terms of the Design Build Finance and Maintain Agreement or if the Authority has received a Termination Notice, then subject to the provisions of this Agreement, the Authority may give written notice to the Service Provider (copied to the Security Trustee) (a "**Step-in Notice**") of the intention of the Authority to issue a Step-in Undertaking on a specified date (the "**Proposed Step-in Date**") provided that such Proposed Step-in Date shall be:
- (a) no later than [five (5)] Business Days after termination of the Design Build Finance and Maintain Agreement where this has been terminated by the Authority; and
  - (b) no earlier than the date falling five (5) Business Days prior to the date of expiry of the Termination Notice and no later than the date of expiry of the Termination Notice where a Termination Notice has been given by the Service Provider.

- 3.1.2 Unless the Service Provider otherwise consents, only one Step-in Notice may be given during the period of this Agreement. Subject to Clause [ REF \_Ref321314647 \w \h ] (*Rights of Termination*) below, the Service Provider shall not be entitled to terminate the Service Contract until after the Proposed Step-in Date.

### 3.2 Notice of Obligations and Step-in Undertaking

- 3.2.1 Within [three (3)] Business Days of receipt of any Step-in Notice, the Service Provider shall give written notice to the Authority of any sums of which the Service Provider has actual knowledge which are due and payable but unpaid by Project Co and of any other material obligations or liabilities, of which the Service Provider has actual knowledge, which should have been performed or discharged by Project Co under the Service Contract, in each case, as at the date of the Step-in Notice.

- 3.2.2 The Service Provider shall inform the Authority in writing as soon as reasonably practicable of:

- (a) any change in such sums, obligations or liabilities referred to in Clause [ REF \_Ref321309896 \w \h \\* MERGEFORMAT ]; and
- (b) any further sums, obligations or liabilities thereafter falling due and payable but unpaid or falling due for performance or discharge and unperformed or undischarged (as the case may be);

in each case of which the Service Provider has actual knowledge, before the Step-in Date.

- 3.2.3 The Service Provider shall give the Authority the information referred to in Clauses [ REF \_Ref321307467 \w \h ] and [ REF \_Ref321309898 \w \h ] in good faith and may not give any further notifications pursuant to Clause [ REF \_Ref321309898 \w \h ] less than [two (2)] Business Days prior to the Proposed Step-in Date. The Authority shall not be required to assume any liability under a Step-in Undertaking for any outstanding obligations or liabilities of Project Co to the Service Provider which are not notified to the Authority pursuant to Clauses [ REF \_Ref321309896 \w \h ] or [ REF \_Ref321309898 \w \h ].

- 3.2.4 Not later than the Proposed Step-in Date the Authority shall decide if it is prepared to issue a Step-in Undertaking. If it does so decide, the Authority shall promptly give the Service Provider written notification of such decision and, at the same time, provide a copy of such notification to the Senior Funder. The Authority shall deliver to the Service Provider on the Proposed Step-in Date, a written undertaking in form and substance agreed with the Service Provider (both the Authority and the Service Provider acting reasonably) (the "**Step in Undertaking**"), incorporating a clause in terms similar to Clause [ REF \_Ref321315241 \w \h ] (*Default Interest*) (but only to the extent that there will not be

double counting of default interest accruing under the Service Contract and this Agreement), and undertaking to the Service Provider:

- (a) to pay or procure the payment to the Service Provider, within [fifteen (15)] Business Days of demand by the Service Provider, of any sum due and payable but unpaid by Project Co to the Service Provider under the Service Contract before the Step-in Date and which has been notified by the Service Provider to the Authority in accordance with Clause [ REF \_Ref321309896 \w \h \\* MERGEFORMAT ] or [ REF \_Ref321309898 \w \h \\* MERGEFORMAT ];
- (b) to perform or discharge or procure the performance or discharge of any unperformed or undischarged obligations of Project Co under the Service Contract which shall have fallen due for performance or discharge before the Step-in Date and which have been notified by the Service Provider to the Authority in accordance with Clause [ REF \_Ref321309896 \w \h \\* MERGEFORMAT ] or [ REF \_Ref321309898 \w \h \\* MERGEFORMAT ] within such period as the Service Provider may reasonably require;
- (c) to pay or procure the payment of any sum due and payable by Project Co under the Service Contract as a result of any act or omission occurring during the Step-in Period which shall arise from any act or omission occurring after the Step-in Date (but subject to Clauses [ REF \_Ref321308405 \w \h \\* MERGEFORMAT ] (Step-Out) and [ REF \_Ref321297536 \w \h \\* MERGEFORMAT ]) but not, to avoid doubt, any sum due in respect of any Services provided before the Step-in Date; and
- (d) to perform or discharge or procure the performance or discharge of any obligations of Project Co under the Service Contract as a result of any act or omission occurring during the Step-in Period which shall arise from any act or omission occurring after the Step-in Date (but subject to Clauses [ REF \_Ref321308405 \w \h \\* MERGEFORMAT ] (Step-Out) and [ REF \_Ref321297536 \w \h \\* MERGEFORMAT ]) but not, to avoid doubt, to perform or discharge or to procure the performance or discharge of any obligations in respect of any Services provided before the Step-in Date.

3.2.5 Following notification of the Authority's decision pursuant to Clause [ REF \_Ref321306126 \w \h ], the Security Trustee shall, on or before the Proposed Step-in Date, take any action which is necessary unconditionally and irrevocably to release the Service Contract and the Parent Company Guarantee from the security constituted by the Security Documents.

3.2.6 Upon release by the Security Trustee of its security over the Parent Company Guarantee in accordance with Clause [ REF \_Ref321317124 \w \h \\* MERGEFORMAT ] Project Co shall immediately assign all its rights and powers under the Parent Company Guarantee to the Authority in accordance with clause [insert reference] of the same.

- 3.2.7 If the Authority shall not have issued the Step-in Undertaking on or before the Proposed Step-in Date the Step-in Notice shall be deemed to have been withdrawn and the rights and obligations of the Parties shall be construed as if the Step-in Notice had not been given.

### 3.3 **Restriction of Right of Termination**

During or in respect of the Step-in Period, the Service Provider confirms to the Authority that it shall continue to observe and perform its duties and obligations under the Service Contract and shall, without prejudice to Clause [ REF \_Ref321314647 \w \h ] (*Rights of Termination*), only be entitled to exercise its rights of termination under the Service Contract:

- 3.3.1 by reference to an Event of Project Co Default arising during the Step-in Period provided that no event of default by Project Co under the Design Build Finance and Maintain Agreement (whether resulting in termination of the Design Build Finance and Maintain Agreement or otherwise, and notwithstanding that it has occurred during the Step-in Period) shall entitle the Service Provider to exercise such rights of termination during the Step-in Period; or
- 3.3.2 if the Authority, in breach of the terms of the Service Contract, fails to pay when due any amount owed to the Service Provider or fails to perform or discharge when falling due for performance or discharge any obligation under the Step-in Undertaking or fails to procure such payment or performance or discharge; or
- 3.3.3 if such rights of termination arise in circumstances where there is no default under the Service Contract by the Authority or the Service Provider.

### 3.4 **Step-Out**

- 3.4.1 the Authority may, at any time, give the Service Provider at least [thirty (30)] days' prior written notice to terminate the Step-in Period on a date specified in the notice (the "**Step-out Date**");
- 3.4.2 the Authority shall give the Service Provider at least [thirty (30)] days' prior written notice that (subject to Clause [ REF \_Ref321308672 \w \h ]) the Step-in Period will end due to the occurrence (subject to Clause [ REF \_Ref321308691 \w \h ]) (*Extension of Step-In Period*) of the first anniversary of the Step-in Date;

provided that:

- (a) the Authority has performed and discharged in full or procured the performance and discharge in full of any obligations of Project Co under the Service Contract in relation to the maintenance of records and the provision of reports during the

Step-in Period so as to permit the Service Provider to monitor the performance of Project Co's other obligations under the Service Contract; and

- (b) all liability under the Step-in Undertaking pursuant to any claims made up to the date specified in either Clause [ REF \_Ref321317526 \w \h \\* MERGEFORMAT ] or Clause [ REF \_Ref321317547 \w \h \\* MERGEFORMAT ] (as the case may be) shall have been fully and unconditionally discharged,

the Authority shall be released from the Step-in Undertaking on the expiry of the Step-in Period in accordance with Clauses [ REF \_Ref321317526 \w \h ] and [ REF \_Ref321317547 \w \h ]. Such release shall not affect the continuation of Project Co's obligations towards the Service Provider under the Service Contract.

## 4 NOVATION

### 4.1 Proposed Substitute

At any time that the Authority is entitled to give a Step-in Notice pursuant to Clause [ REF \_Ref321298557 \w \h ] (*Step-in Notice*) or at any time during the Step-in Period the Authority may give notice (copied to the Security Trustee) (a "**Proposed Novation Notice**") to the Service Provider that it wishes itself or another person (a "**Proposed Substitute**") to assume, by way of sale, transfer or other disposal, the rights and obligations of Project Co under the Service Contract and specifying a date (the "**Proposed Novation Date**");

- 4.1.1 falling not later than [fifteen (15)] Business Days after termination of the Design Build Finance and Maintain Agreement where this has been terminated by the Authority;
- 4.1.2 falling not later than the expiry of the Termination Notice where a Proposed Novation Notice is given by the Authority at a time when it is entitled to give a Step-in Notice pursuant to Clause [ REF \_Ref321298557 \w \h ] (*Step-in Notice*); and
- 4.1.3 falling not later than [twenty-eight (28)] Business Days after the date of the Proposed Novation Notice, where a Proposed Novation Notice is given during a Step-in Period.

Save as provided in Clause [ REF \_Ref321308902 \w \h ] (*Consent withheld*), only one Proposed Novation Notice may be given during the period of this Agreement. Without prejudice to Clauses [ REF \_Ref321306101 \w \h ] (*Restriction of Right of Termination*) and [ REF \_Ref321306897 \w \h ] (*Rights of Termination*), the Service Provider shall not be entitled to terminate the Service Contract during the notice period specified in a Proposed Novation Notice.

### 4.2 Information for Consent to Novation

If the Proposed Novation Notice specifies the Authority as the Proposed Substitute, the Service Provider's consent to the novation shall be deemed to have been given automatically. Where the Proposed Substitute is not the Authority, a novation in accordance with a Proposed Novation Notice shall only be effective if the Service Provider consents to that novation in writing in accordance with Clause [ REF \_Ref321317213 \w \h ] (*Grant of Consent*) and the Authority shall (as soon as practicable) supply the Service Provider with the following information (copied to the Security Trustee):

- 4.2.1 the name and registered address of the Proposed Substitute;
- 4.2.2 the names of the shareholders in the Proposed Substitute and the share capital owned by each of them;
- 4.2.3 the names of the directors and the secretary of the Proposed Substitute;
- 4.2.4 details of the means by which it is proposed to finance the Proposed Substitute (including the extent to which such finance is committed and any conditions precedent as to its availability for drawing); and
- 4.2.5 the resources (including contractual arrangements) which are to be available to the Proposed Substitute to enable it to perform its obligations under the Service Contract.

#### 4.3 **Grant of Consent**

The Service Provider may withhold or delay consent to a novation only where the Proposed Substitute is not the Authority and the Authority has failed to show to the Service Provider's satisfaction (acting reasonably) that:

- 4.3.1 the Proposed Substitute has the legal capacity, power and authorisation to become a party to and perform the obligations of Project Co under the Service Contract; and
- 4.3.2 the technical competence and financial standing of and the technical and financial resources available to the Proposed Substitute are sufficient to perform the obligations of Project Co under the Service Contract.

The Service Provider shall notify the Authority in writing, within [five (5)] Business Days of the later of receipt of a Proposed Novation Notice and all information required under Clause [ REF \_Ref321309018 \w \h \\* MERGEFORMAT ] (*Information for Consent to Novation*), as to whether or not it has decided to grant such consent (together with an explanation of its reasons if it has decided to withhold its consent).

#### 4.4 **Consent withheld**

If, in accordance with Clause [ REF \_Ref321317213 \w \h ] (*Grant of Consent*), the Service Provider withholds its consent to a Proposed Novation Notice, the Authority shall be entitled to give one or more subsequent Proposed Novation Notices, pursuant to the provisions of Clause [ REF \_Ref321298051 \w \h ] (*Proposed Substitute*), containing changed particulars relating to the same Proposed Substitute or particulars relating to another Proposed Substitute which (where the replacement Proposed Substitute is not the Authority) the Authority has good cause to believe would fulfil the requirements of Clauses [ REF \_Ref321309564 \w \h ] and [ REF \_Ref321317411 \w \h ], provided that only one Proposed Novation Notice may be outstanding at any one time, and provided further that:

4.4.1 where a Step-in-Notice has not been issued, any revised Proposed Novation Date shall be a date falling no later than the date specified in Clause [ REF \_Ref321317260 \w \h ] or [ REF \_Ref321317296 \w \h ] as appropriate; and

4.4.2 if the Proposed Novation Notice was served during the Step-in Period, any revised Proposed Novation Date shall be a date falling not later than [twenty-eight (28)] Business Days after the date of the revised Proposed Novation Notice.

#### 4.5 Implementation of Novation

4.5.1 If the Service Provider consents to a novation pursuant to a Proposed Novation Notice (whether automatically or otherwise), then on the Proposed Novation Date and without prejudice to Clause [ REF \_Ref321306897 \w \h ] (*Rights of Termination*):

(a) following notification pursuant to Clause [ REF \_Ref321298051 \w \h \\* MERGEFORMAT ] (Proposed Substitute) and in the absence of any prior release in accordance with Clause [ REF \_Ref321308603 \w \h \\* MERGEFORMAT ], the Security Trustee shall, on or before the Proposed Novation Date, take any action which is necessary unconditionally and irrevocably to release the Construction Contract and the Parent Company Guarantee from the security constituted by the Security Documents; and

(b) Project Co shall immediately assign all its rights and powers under the Parent Company Guarantee to the Authority in accordance with Clause [insert reference] of the same, and on the Proposed Novation Date and without prejudice to Clause [ REF \_Ref321306897 \w \h \\* MERGEFORMAT ] (*Rights of Termination*).

4.5.2 Subject to the prior performance by the Security Trustee and Project Co of their respective obligations under Clause [ REF \_Ref321309828 \w \h ] and Clause [ REF \_Ref321317596 \w \h ] the Proposed Substitute shall become a party to the Service Contract in place of Project Co and, thereafter, shall be treated as if it was and had always been named as a party to the Service Contract in place of Project Co; and

- (a) the Service Provider, Project Co and the Proposed Substitute shall enter into a novation agreement (the "Novation Agreement") and any other requisite agreements, in form and substance satisfactory to the Service Provider (acting reasonably), pursuant to which:
  - (i) the Proposed Substitute shall be granted all of the rights of Project Co under the Service Contract (including those arising prior to the end of the Step-in Period);
  - (ii) subject to the Service Provider giving to the Proposed Substitute within [three (3)] Business Days of receipt of the Proposed Novation Notice such notice as is referred to in Clause [ REF \_Ref321307467 \w \h \\* MERGEFORMAT ] and to the provisions of Clauses [ REF \_Ref321309898 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321317632 \w \h \\* MERGEFORMAT ] mutatis mutandis, the Proposed Substitute shall assume all of the obligations and liabilities of Project Co under the Service Contract (including those arising prior to the end of any Step-in Period and those arising during the period of the Proposed Novation Notice);

provided that the Service Provider will not be in breach of any of its obligations under this Agreement if the Proposed Substitute does not enter into one or other of such agreements.

#### 4.5.3 On and after the Novation Effective Date:

- (a) the Service Provider shall owe its obligations under the Service Contract (whether arising before, on or after such date) to the Proposed Substitute and the receipt, acknowledgement or acquiescence of the Proposed Substitute shall be a good discharge; and
- (b) if the Authority shall have entered into a Step-in Undertaking, the Authority will be released from the Step-in Undertaking, provided that:
  - (i) all obligations of the Authority under the Step-in Undertaking which have accrued up to the Novation Effective Date and are identifiable as at that date shall have been fully and unconditionally discharged; and
  - (ii) the Authority has performed and discharged in full or procured the performance and discharge in full of the obligations of Project Co under the Service Contract in relation to the maintenance of records and the



provision of reports during the Step-in Period up to the Novation Effective Date so as to permit the Service Provider to monitor the performance of Project Co's other obligations under the Service Contract.

- 4.5.4 the Authority and the Service Provider shall use all reasonable endeavours to agree and the Authority shall use reasonable endeavours to procure that the Proposed Substitute agrees any amendments to the Service Contract necessary to reflect Clause [ REF \_Ref321309898 \w \h ] and the fact that the Design Build Finance and Maintain Agreement may have terminated at the time of the Novation Effective Date.

#### 4.6 Termination After Novation

After the Novation Effective Date the Service Provider shall only be entitled to exercise its rights of termination under the Service Contract:

- 4.6.1 in respect of any Event of Project Co Default arising after that date in accordance with the Service Contract; or
- 4.6.2 if the Proposed Substitute does not discharge the obligations and liabilities assumed by it under Clause [ REF \_Ref321309962 \w \h ] which relate to matters arising prior to the end of the Step-in Period within [fifteen (15)] Business Days following the Novation Effective Date.

#### 4.7 Extension of Step-In Period

As at the date of the first anniversary of the Step-in Date, if the Step-in Period has not previously ended, and:

- 4.7.1 the Authority is in the course of conducting discussions in good faith with a Proposed Substitute (the novation to whom has been approved by the Service Provider whether automatically or otherwise in accordance with Clause [ REF \_Ref321317213 \w \h ] (*Grant of Consent*)), the Step-in Period shall be extended and shall continue until such date as is proposed by the Authority and agreed by the Service Provider; or
- 4.7.2 a contract has been entered into between the Authority and a Proposed Substitute (which has been approved by the Service Provider in accordance with Clause [ REF \_Ref321317213 \w \h ] (*Grant of Consent*)) as at such date,

the Step-in Period shall be extended and shall continue until the date such contract comes into force, provided that such date shall not be later than [thirty (30)] Business Days after the last date of execution of such contract.

## 5.1 Rights of Termination

If:

- 5.1.1 no Step-in Notice or Proposed Novation Notice is given before a Termination Notice expires or within [fifteen (15)] Business Days after termination of the Design Build Finance and Maintain Agreement by the Authority; or
- 5.1.2 a Step-in Undertaking is not issued on the Proposed Step-in Date; or
- 5.1.3 the Step-in Notice is withdrawn or, pursuant to Clause [ REF \_Ref321310017 \w \h \\* MERGEFORMAT ], deemed to have been withdrawn; or
- 5.1.4 the Step-in Period ends before the occurrence of the Novation Effective Date; or
- 5.1.5 in the absence of a Step-in Undertaking, the Service Provider withholds its consent to a novation pursuant to a Proposed Novation Notice, in accordance with Clause [ REF \_Ref321317213 \w \h \\* MERGEFORMAT ] (*Grant of Consent*), and does not subsequently grant consent to a novation in accordance with Clause [ REF \_Ref321308902 \w \h \\* MERGEFORMAT ] (*Consent Withheld*) on or before the Proposed Novation Date; or
- 5.1.6 in the absence of a Step-in Undertaking, the obligations of the Proposed Substitute set out in Clause [ REF \_Ref321317792 \w \h \\* MERGEFORMAT ] (*Implementation of Novation*) are not performed on the Proposed Novation Date; or
- 5.1.7 the Service Provider is entitled to terminate the Service Contract under Clause [ REF \_Ref321317809 \w \h \\* MERGEFORMAT ] (*Restriction of Right of Termination*) or [ REF \_Ref321310104 \w \h \\* MERGEFORMAT ] (*Termination after Novation*); or
- 5.1.8 the Authority exercises its right to Step-out under Clause [ REF \_Ref321317526 \w \h \\* MERGEFORMAT ],

the Service Provider shall, on and from the Step-out Date, be entitled to:

- 5.1.9 exercise all of its rights under the Service Contract and act upon any and all grounds for termination available to it in relation to the Service Contract whenever occurring; and/or

5.1.10 pursue any and all claims and exercise any and all rights and remedies against Project Co.

## 5.2 **Project Co's Obligations to Continue**

Until completion of a novation pursuant to Clause [ REF \_Ref321317792 \w \h ] (*Implementation of Novation*) (unless the terms of such novation expressly preserve an obligation or liability of Project Co), Project Co shall continue to be liable for all its obligations and liabilities, whenever occurring, under or arising from the Service Contract notwithstanding:

5.2.1 the service of a Step-in Notice or the issue of a Step-in Undertaking or the expiry of the Step-in Period or the release of a Step-in Undertaking; or

5.2.2 the service of a Proposed Novation Notice; or

5.2.3 any other provision of this Agreement.

## 6 **REVOCATION OF NOTICES**

A Termination Notice and a Step-in Notice may each be revoked (in writing to the recipient) by the Party giving them before the expiry of their respective notice periods. Upon any such revocation, the rights and obligations of the Parties shall be construed as if the relevant notice had not been given.

## 7 **ASSIGNATION**

### 7.1 **Binding on Successors and Assignees**

This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assignees. In the case of the Authority, its successors shall include any person to which the [Scottish Ministers], in exercising their statutory powers to transfer property, rights and liabilities of the Authority upon the Authority ceasing to exist, transfers the rights and obligations of the Authority under this Agreement.

### 7.2 **Restriction on Assignment**

No Party shall assign or transfer any part of its respective rights or obligations under this Agreement without the prior consent of the others (such consent not to be unreasonably withheld or delayed), provided that:

7.2.1 Project Co shall not assign this Agreement to any party other than a party to whom Project Co's interests in the Design Build Finance and Maintain Agreement and Service Contract are assigned in accordance

with the terms of the Design Build Finance and Maintain Agreement and Service Contract respectively;

- 7.2.2 the Authority shall be entitled, without the consent of any other Party, to transfer all its rights and obligations hereunder, to any person to whom it assigns or otherwise disposes of the benefit of the Design Build Finance and Maintain Agreement in accordance with Clause [ REF\_Ref321317859 \w \h \\* MERGEFORMAT ] (*Assignment and Sub-Contracting*) of the Design Build Finance and Maintain Agreement and, otherwise, with Project Co's and the Service Provider's consent (not to be unreasonably withheld or delayed);
- 7.2.3 nothing in this sub-clause shall restrict the rights of the Secretary of State to effect a statutory transfer;
- 7.2.4 the Service Provider shall assign this Agreement to any party to whom it assigns the Service Contract (in accordance with the terms of that agreement).
- 7.2.5 the Security Trustee may assign or transfer its rights and obligations to a successor trustee of the Funders under the Funding Agreement without the consent of any other Party and this Clause [ REF\_Ref321310248 \w \h \\* MERGEFORMAT ] (*Restriction on Assignment*) shall not prevent any Funder assigning or transferring its rights under the Funding Agreements and the Security Documents in accordance with the terms of the Funding Agreements.

### 7.3 **No Loss**

The Services Provider agrees that it shall not at any time assert that any permitted assignee in terms of this Agreement is precluded from recovering any loss resulting from any breach of this Agreement by reason that such assignee is not an original party to this Agreement or that no loss or a different loss has been suffered by such assignee.

## 8 **CONFIDENTIALITY**

- 8.1 The parties shall be bound to observe, mutatis mutandis, the terms of Clause [●] of the Service Contract with respect to any information or document referred to in Clause [●] of the Service Contract which shall come into its possession pursuant to this Agreement.]
- 8.2 The Service Provider agrees that the Authority shall be entitled to disclose the terms of this Agreement in accordance with Clause [ REF\_Ref321317965 \w \h \\* MERGEFORMAT ] (*Confidentiality*) of the Design Build, Finance and Maintain Agreement.

9           **NOTICES**

Any notice given under this Agreement shall be deemed to be duly given if it is delivered by hand or sent by recorded delivery to the party named therein at the address of such party shown in this Agreement or such other address as such party may by notice in writing nominate for the purpose of service and if sent by recorded delivery shall be deemed (subject to proof to the contrary) to have been received forty eight (48) hours after being posted.

10           **PAYMENTS AND TAXES**

10.1       **Payments**

All payments under this Agreement to any Party shall be made in pounds sterling by electronic transfer of funds for value on the day in question to the bank account of the recipient (located in the United Kingdom) specified to the other Parties from time to time.

10.2       **VAT**

10.2.1     All amounts stated to be payable by any Party under this Agreement shall be exclusive of any VAT properly payable in respect of the supplies to which they relate.

10.2.2     Each Party shall pay any VAT properly payable hereunder in respect of any supply made to it under this Agreement, provided that it shall first have received a valid tax invoice in respect of that supply which complies with the requirements of Part III VAT Regulations 1995.

10.3       **Deductions from payments**

All sums payable by a Party to any other Party under this Agreement shall be paid free and clear of all deductions or withholdings whatsoever in respect of taxation, save as may be required by Law.

11           **DEFAULT INTEREST**

Each Party shall be entitled, without prejudice to any other right or remedy, to receive interest on any payment not made on the due date calculated from day to day at a rate per annum equal to the Default Interest Rate from the day after the date on which payment was due up to and including the date of payment.

12           **AGGREGATE LIABILITY**

Notwithstanding any other provision of this Agreement, the Service Provider's aggregate liability from time to time under this Agreement and the Service Contract shall not at any time exceed its maximum liability as stated in the Service Contract.

13 **THIRD PARTY RIGHTS**

It is agreed that this Agreement is not intended to, and does not, give to any person who is not a party to this Agreement any rights to enforce any provisions contained herein except for any person to whom the benefit of this Agreement is assigned or transferred in accordance with Clause [ REF\_Ref321310359 \w \h ] (*Assignment*).

14 **AGENCY**

14.1 **No Delegation**

No provision of this Agreement shall be construed as a delegation by the Authority of any of its statutory authority to any other Party.

14.2 **No Agency**

Save as otherwise provided in this Agreement, no other Party shall be or be deemed to be an agent of the other Parties nor shall any party hold itself out as having authority or power to bind the other parties in any way.

14.3 **Independent Contractor**

The Parties shall, at all times, be independent contractors and nothing in this Agreement shall be construed as creating any partnership between the Parties or any relationship of employer and employee between the Parties.

15 **WHOLE AGREEMENT**

15.1 This Agreement (when read together with the Design Build Finance and Maintain Agreement, the Service Contract and the Parent Company Guarantee) contains or expressly refers to the entire agreement between the Parties with respect to the specific subject matter of this Agreement and expressly excludes any warranty, condition or other undertaking implied at Law or by custom and supersedes all previous agreements and understandings between the Parties with respect thereto and each of the Parties acknowledges and confirms that it does not enter into this Agreement in reliance on any representation, warranty or other undertaking not fully reflected in the terms of this Agreement.

15.2 Nothing in this Agreement is intended to or shall operate so as to exclude or limit any liability for fraud or fraudulent misrepresentation.

16 **WAIVER**

Failure by any Party at any time to enforce any provision of this Agreement or to require performance by the other Parties of any provision of this Agreement shall not be construed as a waiver of such provision and shall not affect the validity of this Agreement or any part of it or the right of the relevant Party to enforce any provision in accordance with its terms.

17 **SEVERABILITY**

If any condition, Clause or provision of this Agreement not being of a fundamental nature, is held to be illegal or unenforceable, the validity or enforceability of the remainder of this Agreement shall not be affected thereby.

18 **COSTS AND EXPENSES**

Each Party shall be responsible for paying its own costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement.

19 **AMENDMENTS**

No amendment to this Agreement shall be binding unless in writing and signed by the duly authorised representatives of the Parties.

20 **GOVERNING LAW AND JURISDICTION**

20.1 **Law**

This Agreement shall be governed by and construed in all respects in accordance with Scottish law.

20.2 **Jurisdiction**

The Parties each submit to the jurisdiction of the Scottish Courts as regards any claim or matter arising in relation to this Agreement.

**IN WITNESS WHEREOF** these presents consisting of this and the [ ] preceding pages are executed as follows:-

## SECTION 3

### KEY SUB-CONTRACTOR COLLATERAL AGREEMENT

#### COLLATERAL WARRANTY

##### AMONG:

[THE AUTHORITY] having its principal offices at [ ] (the "**Beneficiary**" which expression shall include its successors in title or permitted assignees under this Agreement and/or the Beneficiary's appointee);

and

[Project Co], a company incorporated in Scotland under the Companies Acts (Registered Number [ ]) and having its Registered Office at [ ] ("**Project Co**" which expression shall include its successors in title or permitted assignees under this Agreement);

and

[ ] LIMITED, a company incorporated in [Scotland/England and Wales/Northern Ireland] under the Companies Acts (Registered Number [ ]) and having its Registered Office at [ ] (the "**Contractor**" which expression shall include its successors in title or permitted assignees under this Agreement).

and

[ ] LIMITED, a company incorporated in [Scotland/England and Wales/Northern Ireland] under the Companies Acts (Registered Number [ ]) and having its Registered Office at [ ] (the "**Consultant**").

##### WHEREAS:

- (A) The Beneficiary and Project Co have entered into an agreement for the design, build, finance and maintenance of [insert name of Facilities] (the "**Project**") on or about the date hereof (the "**DBFM Agreement**").
- (B) Project Co and the Contractor have entered into a contract (the "**Construction Contract**") on or about the date hereof for the design and construction of the Project (the "**Contract Works**").
- (C) The Contractor has entered or intends to enter into an agreement with the Consultant whereby the Consultant will provide certain [design] services (the "**Services**") in connection with the Project ("**the Appointment**") as more particularly described in the Appointment.
- (D) It is a condition of the Appointment that the Consultant enters this Agreement with the Beneficiary.
- (E) The Beneficiary shall be entitled to rely and is deemed to have relied on the Consultant's reasonable skill, care and diligence in respect of all matters covered by this Agreement insofar as they relate to the Services provided by the Consultant under the Appointment.

**NOW IT IS AGREED** as follows:

#### 1 WARRANTY AND UNDERTAKING

- 1.1 The Consultant warrants and undertakes to the Beneficiary that it has complied and will continue to comply with all the terms and obligations under or arising out of the Appointment on the Consultant's part to be performed and observed and shall complete the Services in accordance with the Appointment.



1.2 Without prejudice to Clause [ REF \_Ref321318090 \w \h \\* MERGEFORMAT ] of this Agreement, the Consultant further warrants and undertakes to the Beneficiary that:

1.2.1 it has exercised and will continue to exercise all the due skill, care and diligence to be expected from a properly qualified and competent consultant experienced in providing design services on projects similar in nature, size and complexity to the Project in:

(a) the [design] of the Contract Works;

(b) the specification of goods and materials for the Contract Works, and in particular in ensuring that it has not and will not specify for use in relation to the Contract Works any products or materials not in conformity with relevant British or European standards or Codes of Practice or which are at the time of specification generally known within the United Kingdom to an experienced designer of such as the Contract Works to be deleterious to health and safety or to the durability of buildings and/or other structures and/or finishes and/or plant and machinery in the particular circumstances in which they are used; and

(c) the performance of the Services to the Contractor under the Appointment;

1.2.2 the final [design] and all materials and goods specified therein will correspond as to description, quality and condition with the requirements of the Construction Contract;

1.2.3 the final [design] will at practical completion or its equivalent under the Construction Contract, as the case may be, comply with all relevant legislation and Good Industry Practice;

## 2 INSURANCE

2.1 The Consultant shall maintain throughout the duration of provision of the Services and for a period of 12 years after the date of practical completion or its equivalent under the Construction Contract, professional indemnity insurance in an amount of not less than [ ] million pounds (£[ ],000,000) sterling on an each and every claim basis and for any one occurrence or series of occurrences arising out of any one event with insurer of good repute carrying on business in the European Union provided always that such insurance is available at rates which are commercially reasonable to consultants.

2.2 In determining whether or not insurance is available as aforesaid, the financial characteristics and claims' record of the Consultant shall be ignored.

- 2.3 The Consultant shall immediately inform the Beneficiary if such insurance ceases to be available at rates which are commercially reasonable in order that the Consultant and the Beneficiary can consider alternative means of best protecting their respective positions in respect of the Project in the absence of such insurance provided that the Beneficiary shall be entitled to require the Consultant to maintain such lesser amount of Professional Indemnity Insurance as is available to the Consultant at rates which are commercially reasonable.
- 2.4 As and when it is reasonably requested to do so by the Beneficiary the Consultant shall produce for inspection documentary evidence satisfactory to the Beneficiary (acting reasonably) that its Professional Indemnity Insurance is being maintained.
- 2.5 The Consultant confirms that this Agreement has been disclosed to and has been approved by the Consultant's Professional Indemnity Insurers or Underwriters.
- 2.6 Should the Consultant be in breach of any of its obligations under this Clause [ REF\_Ref321318158 \w \h \\* MERGEFORMAT ] (Insurance), the Beneficiary may itself insure against any risk with respect to which the breach shall have occurred and may recover such sum or sums from the Consultant as a debt.

### 3 COPYRIGHT

- 3.1 The Consultant hereby grants to the Beneficiary or its appointee and all those authorised by the Beneficiary an irrevocable, transferable, non-exclusive and royalty-free licence (which shall be capable of assignation) to use and reproduce all information (whether or not stored in computer systems), drawings, models, bills of quantities, specifications, schedules, details, plans, programmes, budgets, reports, calculations or other documents, work or things including all applicable passwords or access codes whatsoever provided or to be provided by the Consultant in connection with the Services (the "**Documents**") for such purposes as the Beneficiary may at its sole discretion require.
- 3.2 Such licence shall carry the right to grant sub-licences and shall subsist notwithstanding that the Appointment is terminated or the obligations and duties there under have been completed. For the avoidance of doubt, the grant of such licence or sub-licences shall not impose any additional liability on the Consultant.
- 3.3 The Consultant shall on reasonable demand provide to the Beneficiary or its appointee and those authorised by the Beneficiary additional copies of any documents on receipt of reasonable copying costs. The Consultant will not be liable for any use by the Beneficiary or any appointee or sub-licensee of any of the Documents for any purpose other than that for which the same were prepared and provided by the Consultant or for any improper or negligent use by the Beneficiary or any appointee or sub-licensee.
- 3.4 The Consultant agrees to indemnify and keep indemnified the Beneficiary from and against all loss, damage, cost, expense, liability or claim in respect of breach of the copyright or other intellectual property rights of any third party caused by or arising out of the carrying out of the Services or the use of the licence.

**4 ASSIGNATION**

- 4.1 This Agreement may be assigned in whole or in part by the Beneficiary to any successor to the Beneficiary's interest in the Project or any part thereof without the consent of the Consultant being required and such assignation shall be effective upon written notice thereof being given to the Consultant. No assignation of this Agreement by any other party shall be permitted.
- 4.2 The Consultant agrees that it shall not at any time assert that any permitted assignee in terms of this Agreement is precluded from recovering any loss resulting from any breach of this Agreement by reason that such assignee is not an original party to this Agreement or that no less or a different loss has been suffered by such assignee.

**5 NO WAIVER OR VARIATION**

- 5.1 No failure, approval, act or forbearance on the part of the Beneficiary in respect of any right of the Beneficiary pursuant to this Agreement shall constitute any waiver of any right of the Beneficiary under or arising out of this Agreement nor relieve the Consultant of any of its duties or obligations under or arising out of this Agreement.
- 5.2 The Consultant will not seek to modify or vary any of the obligations for which it is responsible under the Appointment in any respect if that modification or variation will be detrimental to the Beneficiary or affects the Beneficiary's rights or obligations under the DBFM Agreement or affects the Consultant's obligations under this Agreement.

**6 EQUIVALENT RIGHTS**

The obligations of the Consultant under this Agreement shall be no greater in extent or quantity than if the Beneficiary had been named as joint employer with the Contractor under the Appointment. The Consultant shall be entitled in any action or proceedings by the Beneficiary to rely on any limitation in the Appointment and to raise the equivalent rights in defence of liability as it would have against the Contractor under the Appointment (other than counterclaim, set-off or to state a defence of no loss or a different loss has been suffered by the Contractor).

**7 NOTICES**

- 7.1 Any notice, consent or demand to be given or made by any party under this Agreement (hereinafter called a "Notice") shall only be validly served if in writing and delivered personally or sent by pre-paid first class recorded delivery post or sent by fax to the following address and marked for the attention of the following person in the case of each party:

<b>Party</b>	<b>A</b>	<b>Fax Number</b>	<b>Person</b>
The Beneficiary	[•]	[•]	[•]

Project Co	[•]	[•]	[•]
The Contractor	[•]	[•]	[•]
The Consultant	[•]	[•]	[•]

Any party may by Notice to the other party/parties change its address, fax number or the title of the person for whose attention Notices are to be given or made pursuant to this Clause. Any such Notice shall be deemed to have been received:

- 7.1.1 if delivered personally, at the time of delivery;
  - 7.1.2 in the case of pre-paid first class recorded delivery post, on the first Business Day after the date of posting; and
  - 7.1.3 in the case of a fax, at the time of transmission.
- 7.2 If any Notice is delivered or faxed after 5 p.m. on a Business Day, or at any time during a day which is not a Business Day, that Notice shall be deemed to have been received at 9 a.m. on the next Business Day.
- 7.3 For the purposes of this Clause [ REF \_Ref321318223 \w \h \\* MERGEFORMAT ] (*Notices*), "Business Day" means any day which is not a Saturday, a Sunday or a public holiday in Scotland. In proving service it shall be sufficient to prove that the envelope containing such Notice was properly addressed to the relevant party and either delivered personally to that address or delivered into the custody of the postal authorities as a pre-paid first class recorded delivery letter, or that such Notice was transmitted by fax to the correct fax number of the relevant party (as demonstrated by the transmission slip). For the avoidance of doubt, Notices shall not be validly served if sent by e-mail.
- 7.4 The definitions of words and phrases used in this Agreement shall be those set out in the Construction Contract and Appointment except where expressly defined in this Agreement.
- 7.5 This Agreement shall be governed by and construed in accordance with Scots Law and the parties hereto submit to the exclusive jurisdiction of the Scottish Courts.
- 7.6 Save to the extent expressly provided in this Agreement no provision of this Agreement is intended to or does confer upon any third party any benefit or right enforceable at the option of that third party or any liability whatsoever to any third party, and without prejudice to the generality of the foregoing, there shall not in any circumstances be created by this Agreement a jus quaesitum tertio in favour of any person whatsoever.

**IN WITNESS WHEREOF** this Agreement consisting of this and the preceding [ ] pages is executed as follows:

**SCHEDULE PART 10**  
**OUTLINE COMMISSIONING PROGRAMME**

**SCHEDULE PART 11**  
**EQUIPMENT**

**SCHEDULE PART 12**  
**SERVICE REQUIREMENTS**

**SECTION 1**  
**SERVICE LEVEL SPECIFICATION**

**SECTION 2**  
**METHOD STATEMENTS**



**SECTION 3**  
**SERVICES QUALITY PLAN**

**SCHEDULE PART 13**  
**INDEPENDENT TESTER CONTRACT**

**AGREEMENT**

**AMONG:**

- (1) [AUTHORITY] (the "**Authority**");
- (2) [PROJECT CO] ("**Project Co**");
- (3) [INDEPENDENT TESTER] (the "**Independent Tester**");
- (4) [FUNDER] (the "**Funder**" being one of the Funders);
- (5) [CONTRACTOR] (the "**Contractor**"); and
- (6) [EQUIPMENT SERVICES PROVIDER] (the "**Equipment Services Provider**");]

**WHEREAS:**

- (A) Project Co and the Authority have entered into an agreement for the financing, design and construction of and the provision of certain services in connection with [details of facilities] at the Site (the "**Project**") pursuant to the Government's private finance initiative (the "Design Build Finance and Maintain Agreement") under the terms of which they have jointly agreed to appoint an independent tester.
- (B) Project Co has entered into the Construction Contract with the Contractor for the development of [details of facilities] at the Site.
- (C) Project Co has entered into the [Funding Agreements] with the Funders.
- (D) The Independent Tester is an independent adviser willing to provide services to Project Co and the Authority and for the benefit of the Funders.
- (E) Project Co and the Authority have jointly agreed to engage the Independent Tester to carry out the duties and obligations ascribed to the Independent Tester in the Design Build Finance and Maintain Agreement upon the terms of this Agreement.

**IT IS AGREED** as follows:

**1 INTERPRETATION**

- 1.1 Unless the context otherwise requires, words and expressions defined in the Design Build Finance and Maintain Agreement have the same meanings in this Agreement as in the Design Build Finance and Maintain Agreement.
- 1.2 The headings in this Agreement do not affect its interpretation.
- 1.3 Unless the context otherwise requires, all references to Clauses and Appendices are references to clauses of and appendices to this Agreement.

**2 APPOINTMENT**

- 2.1 Project Co and the Authority jointly appoint the Independent Tester to perform the obligations and tasks which are ascribed to the Independent Tester under the Design Build Finance and Maintain Agreement and which are set out in Appendix 1 upon the terms and conditions set out below. The Contractor [and the Equipment Services Provider] is a party [are parties] to this Agreement solely to make the commitments on its part [their respective parts] as expressly made in this Agreement and, for the avoidance of doubt, the Independent Tester shall have no liability to the Contractor [and the Equipment Services Provider]<sup>11</sup>.
- 2.2 The Independent Tester shall provide the services under Clause [ REF \_Ref321318440 \w \h \\* MERGEFORMAT ] above (the "Services") independently, fairly and impartially to and as between Project Co and the Authority in relation to the Design Build Finance and Maintain Agreement at such times and at such locations as the parties shall agree from time to time. In performing the Services, the Independent Tester shall have regard to the interest of the Funders. Whilst the Independent Tester shall take account of any representations made by Project Co and the Authority and the Contractor (as appropriate) [and the Funder's Technical Adviser] the Independent Tester shall not be bound to comply with any representations made by any of them in connection with any matter on which the Independent Tester is required to exercise his professional judgement.

### 3 VARIED SERVICES

- 3.1 The Independent Tester shall carry out and perform any additional and/or varied services required for the implementation of the Project reasonably required by the Authority and Project Co which are not included in, or which are omitted from, the Services (the "**Varied Services**"), subject to prior agreement by the Authority and Project Co to the costs thereof. The written agreement by the Authority and Project Co pursuant to this Clause [ REF \_Ref321318461 \w \h \\* MERGEFORMAT ] shall state whether (and where applicable in what proportions) the Authority and/or Project Co will be responsible for the payment of the fee agreed for the Varied Services. The Independent Tester acknowledges that the liability of Project Co and the Authority to pay the Independent Tester for the Varied Services shall be several and not joint.
- 3.2 If the Independent Tester shall at any time be required to perform Varied Services, it shall give to the Authority and Project Co a written estimate of the cost thereof (taking into account any reduction in work or other expense which might also occur as a result of the circumstances giving rise to the Varied Services).
- 3.3 Where a change to the Project occurs pursuant to the terms of the Design Build Finance and Maintain Agreement (whether by virtue of a Delay Event, Change, change to the Programme or otherwise) which may materially impact on the Services or otherwise on the Independent Tester, the Authority and Project Co shall promptly notify the Independent Tester of such change. The Independent Tester shall within [ ] Business Days of receiving such notification, notify the Authority and Project Co of the impact of such change, if any, on the Services, including whether such change gives rise to any Varied Services and the

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<sup>11</sup> It has been suggested on some projects that the Contractor should receive the benefit of a duty of care from the Independent Tester (whether under this agreement or through a collateral warranty). Authorities should consider the implications fully and seek advice from their legal advisers on this point. Authorities' interests are likely to be prejudiced as a result. Issues that need to be considered include: whether this would increase the fee; whether the financial liability of the IT would be diluted (e.g. consider any cap on liability); whether the IT's liability to the Authority may be prejudiced as a result of a claim made by the Contractor; whether there could be any adverse impact on the resources of the IT; whether the Contractor's remedy should lie against Project Co in the event of any claim; and other project-specific considerations.

provisions of this Clause [ REF \_Ref321318483 \w \h \\* MERGEFORMAT ] shall apply accordingly.

- 3.4 The Independent Tester shall promptly and efficiently provide the Services and the Varied Services:
- 3.4.1 with the reasonable care, skill and diligence to be expected of a properly qualified and competent professional adviser who has held itself out as competent and experienced in rendering such services for projects of a similar size, nature, scope and complexity to the Project; and
- 3.4.2 in accordance with all applicable Law [and NHS Requirements<sup>12</sup>].
- 3.5 All instructions to the Independent Tester must be given signed and given jointly by the Authority's Representative and Project Co's Representative or such other person appointed pursuant to Clause 12 of the Design Build Finance and Maintain Agreement (*Representatives*) and, for the avoidance of doubt, the Independent Tester shall not act in accordance with any instructions given to him by either the Authority or Project Co (or any other person) not given in accordance with the provisions of this Clause [ REF \_Ref321318535 \w \h \\* MERGEFORMAT ].
- 3.6 The Independent Tester shall comply with all reasonable instructions given to it by Project Co and the Authority pursuant to Clause [ REF \_Ref321318535 \w \h \\* MERGEFORMAT ] except and to the extent that the Independent Tester reasonably considers that any such instructions vary or might vary the Services or its authority or responsibilities under this Agreement or prejudices or might prejudice the exercise by the Independent Tester of its professional judgement in accordance with Clauses [ REF \_Ref321318583 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321318593 \w \h \\* MERGEFORMAT ] above. The Independent Tester shall promptly confirm in writing to Project Co and the Authority whether or not it shall comply with any such instruction setting out the grounds upon which the decision is made.
- 3.7 The Authority, Project Co[, the Equipment Services Provider] and the Contractor agree to co-operate with and provide reasonable assistance to the Independent Tester to familiarise the Independent Tester with all necessary aspects of the Project to enable the Independent Tester to carry out its obligations under this Agreement.
- 3.8 The Independent Tester shall be deemed to have full knowledge of the provisions of the Design Build Finance and Maintain Agreement, the Construction Contract, the Service Contracts, the Funding Agreements and the [Sub-Contractor Co-operation Agreement (as defined in the Construction Contract)] such as relates to the Services and shall be deemed to be aware of and to have taken full account of all the undertakings and warranties, both expressed and implied, on the part of Project Co and the Authority which are set out in the Design Build Finance and Maintain Agreement provided always that true and accurate copies have been delivered to the Independent Tester.

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<sup>12</sup> Where the Authority is a health board.

- 3.9 Subject to Clause [ REF \_Ref321318608 \w \h \\* MERGEFORMAT ], the Independent Tester shall use the following partners, directors or employees: [insert names of individuals] in connection with the performance of the Services and such persons' services shall be available when necessary and for so long as may be necessary to ensure the proper performance by the Independent Tester of the Services. Such persons shall have full authority to act on behalf of the Independent Tester for all purposes in connection with the Services.
- 3.10 The Independent Tester may by written notice to the Authority and Project Co replace the staff identified in Clause [ REF \_Ref321318667 \w \h \\* MERGEFORMAT ] taking into account the need for liaison, continuity, level of qualification and availability of personnel in respect of the Project. Such replacement shall be subject to approval in writing by Project Co and the Authority (not to be unreasonably withheld or delayed).

#### 4 DURATION

- 4.1 The Services shall commence on the date of this Agreement<sup>13</sup>.
- 4.2 The parties hereby agree that this Agreement governs all of the Services (including the Varied Services, if any) provided by the Independent Tester in relation to the Project whether before or after the date hereof.

#### 5 FEE<sup>14</sup>

- 5.1 Project Co shall pay to the Independent Tester a fee of [INSERT FEE] for the Services provided in relation to the Design Build Finance and Maintain Agreement. The fee is exclusive of value added tax and inclusive of disbursements. The Independent Tester shall issue an invoice to Project Co on a monthly basis in accordance with Appendix 2 Section 1 (*Schedule of Drawdown of Fees*) (the "**Application for Payment**"). 5 days after the date on which the invoice is received by Project Co shall constitute the due date (the "**Due Date**"). The final date for payment by Project Co shall be thirty (30) days after receipt of the Independent Tester's invoice (the "**Final Date**"). If Varied Services are provided then they shall be paid for in accordance with the agreement between the Independent Tester and the Authority and Project Co pursuant to Clause [ REF \_Ref321318461 \w \h \\* MERGEFORMAT ].
- 5.2 Not later than 5 days after the Due Date ascertained in accordance with Clause [ REF \_Ref321318755 \w \h \\* MERGEFORMAT ], Project Co shall give written notice to the Independent Tester stating the amount which Project Co considers to be or have been due at the Due Date and the basis on which the amount is calculated (the "**Payment Notice**"). It is immaterial that the sum referred to in this notice may be zero. If Project Co fails to give a Payment Notice in accordance with this Clause [ REF \_Ref321318770 \w \h \\* MERGEFORMAT ] and the Independent Tester has given an Application for Payment in accordance with Clause [ REF \_Ref321318755 \w \h \\* MERGEFORMAT ], subject to any Pay Less Notice given under Clause [ REF \_Ref321318821 \w \h \\* MERGEFORMAT ]

<sup>13</sup> Authorities to amend according to specific requirements.

<sup>14</sup> This drafting assumes that Project Co is responsible for paying the Independent Tester. Authorities should consider whether this will be the case as it may be better value for money for the Authority to pay an element of the fee itself, although the Authority must ensure that it is able to meet such a commitment.

], the sum to be paid to the Independent Tester shall be the sum specified in the Application for Payment.

- 5.3 Where Project Co intends to pay less than the sum stated as due pursuant to this Agreement, Project Co shall, not later than 2 days before the relevant Final Date, give a written notice to the Independent Tester (a “**Pay Less Notice**”). Such Pay Less Notice shall specify both the sum that Project Co considers to be due to the Independent Tester at the date the notice is given and the basis on which that sum is calculated. It is immaterial that the sum referred to in this Clause [ REF \_Ref321318821 \w \h \\* MERGEFORMAT ] may be zero. Where any Pay Less Notice is given, the payment to be made on or before the relevant Final Date shall be not less than the amount stated as due in such notice.
- 5.4 If Project Co fails to pay a sum, or any part of it, due to the Independent Tester under this Agreement by the relevant Final Date, Project Co shall, in addition to any unpaid amount that should properly have been paid, pay the Independent Tester simple interest on that amount from the Final Date until the actual date of payment at the Default Interest Rate.
- 5.5 If Project Co fails to pay any amount properly due pursuant to this Agreement by the relevant Final Date and the failure continues for 21 days after the Independent Tester has given notice to Project Co of its intention to suspend performance of all or any of the Services and the ground or grounds on which it is intended to suspend performance, the Independent Tester may suspend performance of any or all of its obligations until payment is made in full. [Any period of suspension of the Services in accordance with this Clause [ REF \_Ref321318841 \w \h \\* MERGEFORMAT ] shall be disregarded in computing any contractual time limit to complete work directly or indirectly affected by the exercise of the rights conferred by this Clause [ REF \_Ref321318841 \w \h \\* MERGEFORMAT ] or as the case may be, the time for completion of such work shall be extended by a period equal to the period of suspension.]<sup>15</sup>
- Where the Independent Tester exercises its right of suspension under this Clause [ REF \_Ref321318841 \w \h \\* MERGEFORMAT ], it shall be entitled to a reasonable amount in respect of costs and expenses reasonably incurred by it as a result of the exercise of that right. Any such costs and expenses shall be included in the Independent Tester's next Application for Payment and the Independent Tester shall, with its application, submit such details of the costs and expenses as are reasonably necessary to enable the Independent Tester's entitlement to be ascertained.
- 5.6 Without prejudice to Clause [ REF \_Ref321318535 \w \h \\* MERGEFORMAT ], neither the Authority nor Project Co shall issue instructions or do anything which does or is reasonably likely materially to increase the fees payable to the Independent Tester without the prior approval of the other (such approval not to be unreasonably withheld or delayed).
- 5.7 As soon as the Independent Tester becomes aware of the same and before acting on the same the Independent Tester shall inform the Authority and Project Co of any instructions given to him pursuant to Clause [ REF \_Ref321318535 \w \h \\* MERGEFORMAT ] which will or could reasonably be expected to increase the

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<sup>15</sup> Authorities to consider whether this or similar drafting is necessary for compliance with the Housing Grants and Construction Act 1996, as amended.

fees payable to the Independent Tester under the terms of this Agreement. The Independent Tester shall if requested by either Project Co or the Authority provide both the Authority and Project Co with as detailed an estimate as is reasonably practicable of the increase to the fees payable to it if it carries out such instructions. The estimate of increased fees shall be based upon the rates contained in Appendix 2, Section 2 (*Schedule of Daily Rates*).

## 6 LIMITATIONS ON AUTHORITY

- 6.1 The Independent Tester shall not:
- 6.1.1 make or purport to make any alteration or addition to or omission from the design of the Facilities (including, without limitation, the setting of performance standards) or issue any instruction or direction to any contractor or professional consultant employed or engaged in connection with the Project; or
  - 6.1.2 (unless both Project Co and the Authority consent in writing) consent or agree to any waiver or release of any obligation of Project Co or the Authority under the Design Build Finance and Maintain Agreement or of any contractor or professional consultant employed or engaged in connection with the Project.
- 6.2 For the avoidance of doubt, the Independent Tester shall not express an opinion on and shall not interfere with or give any advice, opinion or make any representation in relation to any matters which are beyond its role and responsibilities under this Agreement.

## 7 TERMINATION

- 7.1 Project Co and the Authority may by joint notice in writing (a "**Joint Notice**") immediately terminate this Agreement if the Independent Tester:
- 7.1.1 is in breach of any of the terms of this Agreement which, in the case of a breach capable of remedy, shall not have been remedied by the Independent Tester within 21 days of receipt by the Independent Tester of a Joint Notice specifying the breach and requiring its remedy;
  - 7.1.2 is incompetent, guilty of gross misconduct and/or any material failure, negligence or delay in the provision of the Services and/or its other duties under this Agreement;
  - 7.1.3 fails or refuses after written warning to provide the Services and/or its other duties under this Agreement reasonably and as properly required of him; or

- 7.1.4 is subject to an event analogous to any of the events set out in Clause 40.1.1 (*Insolvency*) of the Design Build Finance and Maintain Agreement.
- 7.2 If the Design Build Finance and Maintain Agreement is rescinded, terminated or repudiated for any reason and, notwithstanding that the validity of such rescission, termination or repudiation may be disputed, this Agreement may be terminated by Joint Notice and with immediate effect.
- 7.3 Following any termination of this Agreement, but subject to any set-off or deductions which Project Co or the Authority may be entitled properly to make as a result of any breach of this Agreement by the Independent Tester, the Independent Tester shall be entitled to be paid in full and final settlement of any valid claim which the Independent Tester may have in consequence thereof, any fees due under Clause [ REF \_Ref321318947 \w \h \\* MERGEFORMAT ] (*Fee*) above in respect of the Services carried out in accordance with this Agreement prior to the date of termination.
- 7.4 Termination of this Agreement shall be without prejudice to any accrued rights and obligations under this Agreement as at the date of termination (including the right of Project Co and the Authority to recover damages from the Independent Tester).
- 7.5 If this Agreement is terminated in accordance with Clause [ REF \_Ref321318998 \w \h \\* MERGEFORMAT ], Project Co and the Authority shall use reasonable endeavours to engage an alternative Independent Tester within 30 days, subject to Law and public procurement rules. If within such period Project Co and the Authority are unable to procure the appointment of an alternative Independent Tester on reasonable commercial terms, the Independent Tester shall pay to Project Co and/or the Authority, as the case may be, any reasonable incremental loss, damage or extra costs suffered by each of them.
- 7.6 If Project Co fails to make a payment of any undisputed sum to the Independent Tester within [ ] Business Days of the expiry of any notice issued pursuant to Clause [●], in respect of such sum, the Independent Tester may issue a further written notice to the Authority and Project Co specifying that the payment remains outstanding (the “Second Notice”) and if payment is not made within [ ] Business Days of receipt of the Second Notice the Independent Tester may issue a further written notice terminating this Agreement with immediate effect. Failure by Project Co to pay, following receipt of a Second Notice pursuant to this Clause [ REF \_Ref321319050 \w \h \\* MERGEFORMAT ], shall be the Independent Tester’s sole ground for terminating this Agreement by reason of breach of this Agreement by the Authority and/or Project Co.
- 7.7 Termination of this Agreement shall not affect the continuing rights and obligations of Project Co, the Authority and the Independent Tester under Clauses [ REF \_Ref321319075 \w \h \\* MERGEFORMAT ] (*Limitations on Authority*), [ REF \_Ref321319089 \w \h \\* MERGEFORMAT ] (*Confidential Information and Copyright*), [ REF \_Ref321319095 \w \h \\* MERGEFORMAT ] (*Professional Indemnity Insurance*), [ REF \_Ref321319192 \w \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*) and this Clause or under any other Clause which is expressed to survive termination or which is required to give effect to such termination or the consequences of such termination.



## CONFIDENTIAL INFORMATION AND COPYRIGHT

- 8.1 The Independent Tester shall treat as secret and confidential and shall not at any time for any reason disclose or permit to be disclosed to any person or otherwise make use of or permit to be made use of any unpublished information relating to Project Co's or the Authority's or the Contractor's (if appropriate) technology or other know-how business plans or finances or any such information relating to a subsidiary, supplier, customer or client of Project Co or the Authority or the Contractor (if appropriate) where the information was received during the period of this Agreement except as may be reasonably necessary in the performance of the Services. Upon termination of this Agreement for whatever reasons the Independent Tester shall offer to deliver up to Project Co or the Authority (as appropriate) all working papers, computer disks and tapes or other material and copies provided to or prepared by him pursuant either to this Agreement or to any previous obligation owed to Project Co or the Authority provided always that the Independent Tester shall be entitled to retain copies of all such items where such offer is accepted.
- 8.2 The obligation to maintain confidentiality does not apply to any information or material to the extent that the Independent Tester is compelled to disclose any such information or material by law or any regulatory or Government authority.
- 8.3 The copyright in all reports, and other documents produced by the Independent Tester in connection with the Project shall remain vested in the Independent Tester but the Independent Tester grants to Project Co and Authority and their nominees with full title guarantee a non-exclusive irrevocable royalty free licence to copy and use such reports, and other documents and to reproduce the information contained in them for any purpose related to the Project including (but without limitation) the construction, completion, maintenance, letting, promotion, advertisement, reinstatement, extension and repair of the Project. Such licence shall include a licence to grant sub-licences and to transfer the same to third parties.
- 8.4 The Independent Tester shall not be liable for use by any person of the documents, (including reports, details, plans, specifications, schedules, computer programs, software, consents and any other papers, works, reports and inventions produced by the Independent Tester) for any purpose other than that for which the same were prepared by or on behalf of the Independent Tester.

## PROFESSIONAL INDEMNITY INSURANCE

- 9.1 Without prejudice to its obligations under this Agreement, or otherwise at law, the Independent Tester shall maintain professional indemnity insurance with a limit of indemnity of not less than [ten million pounds (£10,000,000)]<sup>16</sup> for any one claim in respect of any neglect, error or omission on the Independent Tester's part in the performance of its obligations under this Agreement for the period commencing on the date of this Agreement and expiring 12 years after:

- 9.1.1 the date of final certification of the Works; or

<sup>16</sup> Authorities to take advice from insurance advisers on appropriate level of PII cover for the scheme.

9.1.2 the termination of this Agreement,

whichever is the earlier, provided that such insurance is available in the market place at commercially reasonable rates.

9.2 The Independent Tester shall maintain such insurance with reputable insurers carrying on business in the United Kingdom.

9.3 Any increased or additional premium required by insurers by reason of the Independent Tester's own claims record or other acts, omissions, matters or things particular to the Independent Tester shall be deemed to be within commercially reasonable rates.

9.4 The Independent Tester shall as soon as reasonably practicable inform Project Co and the Authority if such insurance ceases to be available at commercially reasonable rates in order that the Independent Tester and Project Co and the Authority can discuss means of best protecting the respective positions of Project Co and the Authority and the Independent Tester in respect of the Project in the absence of such insurance.

9.5 The Independent Tester shall fully co-operate with any measures reasonably required by Project Co and the Authority including (without limitation) completing any proposals for insurance and associated documents, maintaining such insurance at rates above commercially reasonable rates if Project Co and the Authority undertake in writing to reimburse the Independent Tester in respect of the net cost of such insurance to the Independent Tester above commercially reasonable rates.

9.6 The Independent Tester shall, prior to commencing the provision of the Services and as soon as reasonably practicable following renewal dates, produce for inspection by Project Co and the Authority documentary evidence that such insurance is being properly maintained.

9.7 The above obligations in respect of professional indemnity insurance shall continue notwithstanding termination of this Agreement for any reason whatsoever, including (without limitation) breach by Project Co and the Authority.

## 10 LIMITATION OF LIABILITY

10.1 With the exception of liability for death, personal injury and/or any other liability that cannot lawfully be excluded or limited, the Independent Tester's maximum [aggregate] liability to all parties, under or in connection with this Agreement, whether in contract or in delict, or for breach of statutory duty is limited to £[●] million.<sup>17</sup>

<sup>17</sup> It is suggested that an appropriate cap may depend on the capital value of the scheme, such as:

Up to £10M capital value - £1M cap

Greater than £10M and up to £25M capital value - £2M cap

Greater than £25M and up to £50M capital value - £3M cap

Greater than £50M and up to £100M capital value - £5M cap

Greater than £100M capital value - £10M cap

- 10.2 [Notwithstanding anything to the contrary stated elsewhere in this Agreement, the parties hereby expressly agree that the Independent Tester shall have no liability to any party under or in connection with this Agreement for any claim or claims related to terrorism, asbestos or toxic mould.]<sup>18</sup>
- 10.3 No action or proceedings under or in connection with this Agreement shall be commenced against the Independent Tester after the expiry of twelve years from the earlier of: (a) the completion of the Services; and (b) the termination of this Agreement.

## 11 SUB-CONTRACTOR LOSSES AND NO LOSS AVOIDANCE

- 11.1 Without prejudice to Clause [ REF \_Ref321319246 \w \h \\* MERGEFORMAT ] (*Limitation of Liability*) the Independent Tester hereby acknowledges and accepts (a) that a breach or failure on the part of the Independent Tester could have adverse financial consequences for the Sub-Contractors (or any of them) and (b) any losses, damages, costs and/or other liabilities suffered or incurred by the Sub-Contractors (or any of them) (as the case may be) arising from or in connection with any breach or failure on the part of the Independent Tester under this Agreement shall, for the purposes of this Agreement and notwithstanding the provisions of any Sub-Contract, be deemed to be losses, damages, costs and/or liabilities suffered or incurred by Project Co arising from or in connection with such breach or failure.
- 11.2 Where the Independent Tester would otherwise be liable to make a payment by way of compensation to Project Co including amounts which, in turn, comprise compensation to any Sub-Contractor which is payable by Project Co and/or which would be payable by way of compensation to any Sub-Contractor by Project Co the Independent Tester shall not be entitled to withhold, reduce or avoid any such payment to Project Co in reliance (in whole or in part) on the fact that payment of the amount which is or would be due from Project Co to the Sub-Contractor or the entitlement of the Sub-Contractor to receive payment of such amount (as a result of the circumstances giving rise to the Independent Tester's obligation to pay such compensation) is conditional on receipt by Project Co of such amount from the Independent Tester.

## 12 NOTICES

All notices or other communications required in connection with this Agreement shall be in writing and sent by hand, by first class pre-paid post or by facsimile transmission to the relevant address or facsimile number set out in the Design Build Finance and Maintain Agreement or in the case of the Independent Tester to its registered office for the attention of the company secretary or to such other address or facsimile number as a party to this Agreement may notify to another party to this Agreement in writing.

## 13 ASSIGNATION

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However, Authorities to consider what is an appropriate cap on liability depending on the project-specific circumstances and should ensure that this is specified prior to calling for final tenders to ensure such tenders are based on the required cap.

<sup>18</sup> This may be appropriate where the IT's insurance cover excludes liability for these occurrences. Authorities to check.

- 13.1 The Independent Tester shall not assign or transfer any of its rights or obligations under this Agreement or sub-contract the whole or any part of the Services.<sup>19</sup>
- 13.2 Neither Project Co nor the Authority shall be entitled to assign or transfer any of their respective rights or obligations under this Agreement save that the parties hereby consent to any such assignment or transfer which is contemporaneous to the assignment or transfer of the Design Build Finance and Maintain Agreement and is made to the same assignee or transferee. In the event that the Design Build Finance and Maintain Agreement is novated to a third party, the term "Design Build Finance and Maintain Agreement" shall include any replacement contract arising from such novation.
- 13.3 The Independent Tester shall not be entitled to contend that any person to whom this Agreement is assigned in accordance with Clause [ REF \_Ref321844206 \w \h \\* MERGEFORMAT ] is precluded from recovering under this Agreement any loss incurred by such assignee resulting from any breach of this Agreement (whenever happening) by reason that such person is an assignee and not a named promisee under this Agreement.

#### 14 CUMULATIVE RIGHTS AND ENFORCEMENT

- 14.1 Any rights and remedies provided for in this Agreement whether in favour of Project Co or the Authority or the Independent Tester are cumulative and in addition to any further rights or remedies which may otherwise be available to the parties.
- 14.2 The duties and obligations of the Independent Tester arising under or in connection with this Agreement are owed to Project Co and the Authority both jointly and severally and Project Co and the Authority may accordingly enforce the provisions hereof and pursue their respective rights hereunder in their own name, whether separately or with each other.
- 14.3 Project Co and the Authority covenant with each other that they shall not waive any rights, remedies or entitlements or take any other action under this Agreement which would or might reasonably be expected to adversely affect the rights, remedies or entitlements of the other without the other's prior written consent, such consent not to be unreasonably withheld or delayed.

#### 15 WAIVER

The failure of any party at any one time to enforce any provision of this Agreement shall in no way affect its right thereafter to require complete performance by any other party, nor shall the waiver of any breach or any provision be taken or held to be a waiver of any subsequent breach of any provision or be a waiver of the provision itself.

#### 16 SEVERABILITY

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<sup>19</sup> Where the Independent Tester intends to sub-contract any part of the Services, additional drafting should be included to identify any such sub-contractors and to ensure that the Independent Tester remains liable for the relevant part of the Services. The Authority should consider whether it is appropriate to obtain a warranty from such sub-contractors.

In the event that any term, condition or provision contained in this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, clause or provision shall, to that extent, be omitted from this Agreement and the rest of this Agreement shall stand, without affecting the remaining clauses.

17 **VARIATION**

A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each party.

18 **DISPUTE RESOLUTION PROCEDURE**

18.1 All disputes shall be resolved in accordance with terms equivalent (mutatis mutandis) to the Dispute Resolution Procedure as set out in the Design Build Finance and Maintain Agreement.<sup>20</sup>

18.2 Project Co, the Authority and the Independent Tester shall co-operate to facilitate the proper, just, economical and expeditious resolution of any and all such disputes which arise under this Agreement.

19 **GOVERNING LAW AND JURISDICTION**

Subject to Clause [ REF \_Ref321319192 \w \h ] (*Dispute Resolution Procedure*) above, this Agreement shall be governed by and construed in accordance with the laws of Scotland, and (subject as aforesaid) the parties hereby submit to the non-exclusive jurisdiction of the courts of Scotland.

20 **DELIVERY**

This Agreement is delivered on the date written at the start of this Agreement.

21 **THIRD PARTY RIGHTS**

Save as expressly set out herein, no provision of this Agreement is intended to or does confer upon any third party any benefit or right enforceable at the option of that third party against any party to this Agreement.

**IN WITNESS WHEREOF** these presents consisting of this and the [ ] preceding pages are executed as follows:-

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<sup>20</sup> Authorities should consider whether this is appropriate or whether a more specific DRP should be included in this document. This may depend on whether the DRP contained in Schedule Part 20 (*Dispute Resolution Procedure*) is considered to be Construction Act compliant.

## APPENDIX 1

### SCOPE OF SERVICES - INDEPENDENT TESTER CONTRACT<sup>21</sup>

The Independent Tester shall perform the role of Independent Tester as referred to in Clauses [ REF \_Ref321319405 \w \h ] (*Pre-Completion Commissioning and Completion*), [ REF \_Ref321319192 \w \h ] (*Post Completion Commissioning*) and [ REF \_Ref321319415 \w \h ] (*Fossils and Antiquities*) (including complying with any time limits specified in such Clauses) and Schedule Part [ REF SchedulePart6 \h ] (*Construction Matters*), Schedule Part [ REF SchedulePart7 \h \\* MERGEFORMAT ] (*The Programme*), Schedule Part [ REF SchedulePart8 \h ] (*Review Procedure*), Schedule Part [ REF SchedulePart10 \h ] (*Outlining Commissioning Programme*) and Schedule Part [ REF SchedulePart17 \h ] (*Compensation on Termination*) of the Design Build Finance and Maintain Agreement<sup>22</sup>, by providing the following scope of Services:

#### 1 MONTHLY REPORT AND COMPLETION CERTIFICATION

The Independent Tester shall:

- 1.1 During the Works, attend monthly site progress meetings and provide the Authority and Project Co with a monthly report on the activities carried out by the Independent Tester.
- 1.2 Undertake regular inspections during the Works, as necessary, in accordance with the [periods set out in the Completion Criteria]<sup>23</sup>. Report on the completion status of the Project, identifying any work that is not compliant with the Authority's Construction Requirements, Project Co's Proposals, the Approved Reviewable Design Data (Approved RDD) and/or the Completion Criteria.
- 1.3 Determine whether any relevant Phase is finished or complete in accordance with the Completion Criteria and advise Project Co and the Authority of the need for any re-testing which may be necessary to demonstrate whether a relevant Phase of the Project is finished or complete.]
- 1.4 Certify the [Phase] Actual Completion Date and issue a Certificate of Practical Completion in accordance with the Design Build Finance and Maintain Agreement.
- 1.5 Within [five (5)] Business Days of issue of the [relevant] Certificate of Practical Completion, issue a Snagging Notice specifying any Snagging Matters. Monitor and review rectification of such Snagging Matters in accordance with the Design Build Finance and Maintain Agreement.
- 1.6 Review the programme for the rectification of all Snagging Matters to be carried out and advise Project Co and the Authority as appropriate.
- 1.7 And in order to enable the Independent Tester to discharge these primary functions which are to be performed independently, fairly and impartially to and as

<sup>21</sup> Authorities to ensure that the scope of services is appropriate.

<sup>22</sup> Authorities to insert any other relevant references.

<sup>23</sup> Insert periods here if not included in Completion Criteria.

between Project Co and the Authority and having regard to the interests of Funders, the Independent Tester shall discharge the further duties described below.

## 2 GENERAL

The Independent Tester shall:

- 2.1 Familiarise itself with the Design Build Finance and Maintain Agreement (including the Design Data, the Design Quality Plan, the Construction Quality Plan<sup>24</sup> and any Changes issued from time to time and any other relevant documentation or information referred to in the Design Build Finance and Maintain Agreement, relevant Service Level Specification and Method Statements)[, the Equipment Services Contract] and the Construction Contract to the extent necessary to enable it to provide a report to the Authority and Project Co on any contradictory requirements contained within the same and to be in a position to carry out the Services in accordance with the terms of the Design Build Finance and Maintain Agreement and this Agreement.
- 2.2 Following notification by Project Co, pursuant to Clauses [ REF \_Ref321319447 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321239660 \w \h \\* MERGEFORMAT ] (Pre-Completion inspection) of the Design Build Finance and Maintain Agreement, inspect and comment as required on the Works [each relevant Phase] as required by [ ].

## 3 DESIGN REVIEW

The Independent Tester shall:

- 3.1 Monitor and report upon the implementation of the Design Quality Plan for the construction, structural and engineering services design for the Project.
- 3.2 Monitor the detailed working drawings and specifications for a sample number and type of rooms which in his professional judgment is appropriate to be selected by the Independent Tester to verify that they comply with the Approved RDD as described in the Design Build Finance and Maintain Agreement. The Independent Tester has indicated that in normal circumstances [twenty-five percent (25%)] of rooms should be sampled. If in the professional judgment of the Independent Tester, because of the results of its sample or other circumstances a different sampling percentage is appropriate, he shall provide a detailed report in respect of that and, if so agreed (or determined as between Project Co and the Authority by the Dispute Resolution Procedure) any change in the percentage sampling resulting in a change in fees will be borne by Project Co and the Authority as they shall agree or as determined by the Dispute Resolution Procedure.
- 3.3 [Review the detailed design information for any approved design or specification variations for compliance with the performance and quality standards of the Design Build Finance and Maintain Agreement, [insert reference to Equipment services contract and any Equipment performance measures] and quality

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<sup>24</sup> Insert reference to any equipment list or other document as appropriate.

standards as set out in the [refer to Equipment Service Level Specification] and the Contractor's Quality Plan.]

#### 4 **PROCEDURE REVIEW**

The Independent Tester shall:

- 4.1 Monitor the operation of the quality assurance procedures of the Contractor at regular intervals (maximum [three (3)] months) during the execution of the Works.
- 4.2 The Independent Tester shall familiarise itself with the proposed procedures and programmes for the testing and commissioning of the [Mechanical and Electrical engineering services] prior to the Authority's occupation.
- 4.3 Monitor the procedures for the identification, approval and recording of agreed Changes to the Works in accordance with the Design Build Finance and Maintain Agreement.
- 4.4 Review any samples or mock ups as required by Schedule [●] and check that they have been approved in accordance with the Design Build Finance and Maintain Agreement.

#### 5 **CONSTRUCTION REVIEW**

The Independent Tester shall:

- 5.1 Visit the Site and monitor the Works for their compliance with the Authority's Construction Requirements, Project Co's Proposals and the Approved RDD.<sup>25</sup> The frequency and timing of the Independent Tester's visits are dependent on the progress of construction on Site. The Contractor shall agree a programme with the Independent Tester for the inspection of key construction processes and the completed [Phases of the] Works and shall give the Independent Tester advance notice of these Works being carried out on Site. The Independent Tester shall identify any aspect of the Works which needs to be inspected before being covered over by subsequent activity so that he may satisfy himself that these have been constructed in accordance with the Contractor's Quality Plan without the need for opening up.
- 5.2 Randomly check that the Works are being undertaken in accordance with the Construction Quality Plan that has been agreed by the Authority and Project Co.
- 5.3 Review the written Mechanical and Electrical engineering services testing and commissioning procedure. Undertake selective witnessing of the Mechanical and Electrical services testing and commissioning. The Independent Tester has indicated that these sampling proportions should amount to approximately [fifty] percent [(50%)]. The Independent Tester shall review [one hundred] percent

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<sup>25</sup> Authorities to insert any other relevant documents.



[[100%]] of all test results. If in the professional judgment of the Independent Tester, because of the results of witnessing (or because of other circumstances) a different sampling percentage is appropriate he shall provide a detailed report in respect of that and any change in the percentage sampling resulting in a change of fees will be borne by Project Co, the Authority or the Contractor as they shall agree, failing such agreement, as determined by the Dispute Resolution Procedure.

- 5.4 Inspect rectification works which have previously prevented the Independent Tester from certifying the Project as complete. Concurrent with the issue of the Certificate of Practical Completion, agree a list of Snagging Matters with the Authority and Project Co together with its programme for implementation and issue a Snagging Notice in accordance with Clause 18 of the Design Build Finance and Maintain Agreement.
- 5.5 Check the production of the relevant operating manuals, relevant approvals, test results, inspection records and as built drawings and monitor the timely handover of this documentation.

## **6 PARTICIPATION IN DISPUTE RESOLUTION**

As and when required by the Authority or Project Co, the Independent Tester shall participate in the Dispute Resolution Procedure of the Design Build Finance and Maintain Agreement (as such term is defined in the Design Build Finance and Maintain Agreement) to the extent that issues under the Design Build Finance and Maintain Agreement which have been referred to the said Dispute Resolution Procedure relate to the Independent Tester's other obligations and tasks as set out in this Appendix 1 and this Agreement.

**APPENDIX 2**

**SECTION 1**

**SCHEDULE OF DRAWDOWN OF FEES**

**SECTION 2**  
**SCHEDULE OF DAILY RATES**

## SCHEDULE PART 14

### PAYMENT MECHANISM

#### SECTION 1

#### INTERPRETATION

In this Schedule Part [ REF SchedulePart14 \h ] (*Payment Mechanism*) and elsewhere in this Agreement (save where Schedule Part [ REF SchedulePart1 \h ] (*Definitions and Interpretation*) provides to the contrary) the following words shall have the following meanings:

- “Annual Service Payment”** means the sum in pounds sterling calculated in accordance with paragraph [ REF \_Ref321405624 \w \h \\* MERGEFORMAT ] (*Annual Service Payment*) of Section [ REF SchedulePart14Section2 \h \\* MERGEFORMAT ] (*Calculation of Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*);
- “Availability Failure”** subject to Section [ REF SchedulePart14Section4 \h \\* MERGEFORMAT ] (*Temporary Repairs*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*), means a Service Event which has not been Rectified within the relevant Rectification Period and which causes a Functional Area to be Unavailable;
- “Availability Standards”** means the service requirements identified as such, set out in the Service Level Specification;
- “Core Times”** has the meaning given in the Service Level Specification and “Core Time” means a time within Core Times;
- “Daily SUF”** means, on a Day, the aggregate GSUs for all of the Functional Areas that have Core Time on that Day;
- “Day”** means a period of 24 hours, beginning at 00:00 hours, during which there are Core Times;
- “Deduction Period” or “DP”**
- (a) where the relevant Performance Failure or Availability Failure arises following a Service Event in respect of which a Rectification Period is specified in the Availability Standards or the Performance Standards, as applicable,
    - (i) if the Service Failure Time occurs before or during Core Time [for the relevant Functional Area] on a Day, means the number of Days that elapse from and including that Day to, and including, the Day on which the Logged Rectification Time occurs, but excludes the Day on which the Logged Rectification Time occurs if the Logged Rectification Time is before the commencement of Core Time [for the relevant Functional Area on that Day]; and
    - (ii) if the Service Failure Time occurs after the expiry of Core Times [for the relevant Functional Area] on a Day, means the number of Days that elapse from and including the next Day to, and including, the Day on which the Logged Rectification Time

occurs, but excludes the Day on which the Logged Rectification Time occurs if this occurs before commencement of Core Time [for the relevant Functional Area] on that Day; and

- (b) where the relevant Performance Failure arises following a Service Event in respect of which no Rectification Period is specified in the Performance Standards, as applicable, means 1;

**["External Utility Failure"]**

means a failure in:

- (a) the supply of gas, electricity, water, telephone or telecommunications services to the Site; or
- (b) the service and facility of discharging water and sewerage from the Site,

where such failure originates on the side of the relevant Utility Point that is owned or controlled by the relevant utility provider and provided that such failure has not arise as a result of an act or omission of Project Co or a Project Co Party;]

**"Gross Monthly Availability Deduction"**

[means, for Contract Month "n", the amount in pounds sterling calculated by the formula:

$$SUR \times SUF \times Days_n$$

where  $Days_n$  is the number of Days in Contract Month $_n$ ]

OR

[means, for Contract Month "n", the amount in pounds sterling calculated by the formula:

$$SUR \times TMGSUF$$

where:

TMGSUF means, for Contract Month "n", the aggregate of the Daily SUF of all the Days in that Contract Month;]

**"Gross Service Units" or "GSUs"**

means the number of service units attributed to each Functional Area as set out in Appendix [ REF SchedulePart14Appendix2 \h \\* MERGEFORMAT ] to this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*);

**"Helpdesk"**

means the helpdesk facilities established by Project Co Pursuant to the Service Level Specification;

**"Logged Rectification Time"**

means the time which is shown in the Helpdesk records maintained by Project Co in accordance with the Service Level Specification as being the time when a Service Event was Rectified or Remedied, as the case may be[, or, in the event that a failure affecting the Helpdesk occurs, as shown on the manual Helpdesk records maintained by Project Co];

<b>“Logged Report Time”</b>	means the date and time which is shown in the Helpdesk records maintained by Project Co in accordance with the Service Level Specification as being the date and time at which a Service Report was received by the Helpdesk [or, if a failure affecting the Helpdesk occurs, as shown on the manual Helpdesk records maintained by Project Co];
<b>“Major Performance Failure”</b>	means a Performance Failure which has been designated as such in the Service Level Specification or in this Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> );
<b>“Medium Performance Failure”</b>	means a Performance Failure which has been designated as such in the Service Level Specification or in this Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> );
<b>“Minimum Agreed Availability Standards”</b>	means the minimum standards with which a Functional Area must comply, as agreed between the Authority and Project Co, for the period until a Permanent Repair can be undertaken;
<b>“Minimum Availability Deduction”</b>	<p>means, in any Contract Year "n", an amount in pounds sterling calculated using the following formula:</p> <p>[ EMBED Equation.3 ]</p> <p>where</p> <p>MAD<sub>n</sub> is the Minimum Availability Deduction applicable for the relevant Contract Year;</p> <p>MAD<sub>0</sub> is £[    ], or, where the relevant Functional Area is Unavailable but Used, is £[    ];</p> <p>IF is the indexation factor being [    ]%;</p> <p>RPI<sub>n</sub> is the value of the Retail Price Index published or determined with respect to the month of February which most recently precedes the relevant Contract Year; and</p> <p>RPI<sub>0</sub> is the value of the Retail Price Index published or determined with respect to the Base Date;</p>
<b>“Minor Performance Failure”</b>	means a Performance Failure which has been designated as such in the Service Level Specification or in this Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> );
<b>“Monthly Service Payment”</b>	means the sum in pounds sterling calculated in accordance with paragraph [ REF _Ref321408715 \w \h \* MERGEFORMAT ] of Section [ REF SchedulePart14Section2 \h \* MERGEFORMAT ] ( <i>Calculation of Service Payments</i> ) of this Schedule Part [ REF SchedulePart14 \h \* MERGEFORMAT ] ( <i>Payment Mechanism</i> );
<b>“Pass Through Costs”</b>	means costs payable to Project Co pursuant to Section [ REF SchedulePart14Section6 \h \* MERGEFORMAT ] ( <i>Pass Through Costs</i> ) of this Schedule Part [ REF SchedulePart14 \h

\\* MERGEFORMAT ] (*Payment Mechanism*);

- “Performance Failure”** subject to Section [ REF SchedulePart14Section4 \h \\* MERGEFORMAT ] (*Temporary Repairs*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*), means a Service Event relating to a Performance Standard which has not been Rectified within the relevant Rectification Period (if any);
- “Performance Standards”** means the service requirements identified as such, set out in the Service Level Specification;
- “Permanent Repair”** means Rectification following the agreement of a Temporary Repair;
- “Permanent Repair Deadline”** has the meaning given in paragraph [ REF\_Ref321846981 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart14Section4 \h \\* MERGEFORMAT ] (*Temporary Repairs*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*);
- “Rectification”** means, following the occurrence of a Service Event, making good the Service Event so that the subject matter of the Service Event complies with the levels of Service required pursuant to this Agreement which shall, without prejudice to the generality of the foregoing, include (a) restoring all functional capability and (b) ensuring that any Functional Area which has been affected by the relevant Service Event complies with the Availability Standards and the Performance Standards, as applicable, and “Rectify” and “Rectifying” shall be construed accordingly;
- “Rectification Period”** means, where applicable, the period of time specified in the Availability Standards or the Performance Standards, as the case may be, allowed for the Rectification of the relevant Service Event, which period:
- (a) shall commence at the Logged Report Time (if the Logged Report Time occurs during Core Time [for the relevant Functional Area]); or
  - (b) if the Logged Report Time occurs outwith Core Time [for the relevant Functional Area], shall commence at the commencement of the immediately following Core Time [for the relevant Functional Area];
- provided that:
- (i) subject to Project Co having promptly notified the Authority’s Representative of the fact and having recorded the same on the Helpdesk system, the Rectification Period shall be extended by any period during which Project Co was prevented or interrupted by the Authority and any Authority Party from Rectifying any failure to meet the Availability Standards or Performance Standards; and
  - (ii) if the Rectification Period would otherwise expire outside Core Time [for the relevant Functional Area], it shall be extended so as to expire immediately prior to the start of

the next Core Time [for the relevant Functional Area];

**“Remedial Period”** means, where applicable, the period of time specified in the Performance Standards within which Project Co must Remedy a Service Event;

**“Remedy”** means the actions or tasks, detailed in the column headed [Remedial Period/Remedy] in the Performance Standards, required to remedy a Performance Failure and **“Remedied”** shall be construed accordingly;

**“Service Event”** means an incident or state of affairs which does not meet or comply with the Performance Standards and/or does not satisfy the Availability Standards;

**“Service Failure Time”** means the date and time when a Service Event becomes a Performance Failure or an Availability Failure, as the case may be;

**“Service Report”** has the meaning given in Section [ REF SchedulePart12Section1 \h \\* MERGEFORMAT ] (*Service Level Specification*) of Schedule Part [ REF SchedulePart12 \h \\* MERGEFORMAT ] (*Service Requirements*);

**“Service Unit Rate” or “SUR”** [means, for Contract Year “n”, the amount in pounds sterling calculated by the formula:

$$SUR = \left( \frac{ASP_n}{SUF_x TSD} \right)$$

where:

ASP<sub>n</sub> is the Annual Service Payment for Contract Year “n” calculated in accordance with paragraph [ REF \_Ref321405624 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart14Section2 \h \\* MERGEFORMAT ] (*Calculation of Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*); and

TSD is the number of Days in Contract Year “n”;

OR

[means, for Contract Year “n”, the amount in pounds sterling calculated by the formula:

$$SUR = \left( \frac{ASP_n}{TAGSUF} \right)$$

where:

ASP<sub>n</sub> is the Annual Service Payment for Contract Year “n” calculated in accordance with paragraph [ REF \_Ref321405624 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart14Section2 \h \\* MERGEFORMAT ] (*Calculation of Service Payments*) of this Schedule Part [ REF



SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*)  
and

TAGSUF means, for Contract Year “n”, the aggregate of the Daily SUF in respect of all of the Days in that Contract Year;]

**“Service Units Affected” or “SUA”** means the total Gross Service Units of the Functional Areas affected by an Availability Failure;

**“Service Units of the Facilities” or “SUF”** means the total number of Gross Service Units attributable to the Facilities as set out in Appendix [ REF SchedulePart14Appendix2 \h \\* MERGEFORMAT ] of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*);

**“Temporary Repair”** means, in respect of the occurrence of a Service Event, works of a temporary nature that do not constitute Rectification but satisfy the Minimum Agreed Availability Standards and substantially make good the relevant Service Event for the period until a Permanent Repair can be undertaken;

**“Unavailable”** means in relation to a Functional Area that such Functional Area is in a state or condition which does not comply with any one or more of the Availability Standards;

**“Unavailable but Used”** means in relation to any Functional Area that it is Unavailable but is used by the Authority for its normal purpose at any time (apart from the purposes of evacuating the Functional Areas and the time taken for such evacuation) during the Core Times including for the avoidance of doubt, for the provision of Authority Services during which it would otherwise be Unavailable;

**“Utility Point”** means [                    ];

**[“Whole Facilities Unavailability Threshold”** means that Functional Areas having aggregate Gross Service Units equal to or greater than [30%] of the Service Units of the Facilities are Unavailable or Unavailable but Used;]

**[“Whole Facilities Unavailability Conditions”** means any of the following conditions:

- (a) the Whole Facilities Unavailability Threshold is exceeded; or
- (b) more than [●] percent of the total toilet provision for the Facilities, for either sex, is Unavailable; or
- (c) [for schools [and FE colleges] a meals related condition caused by a Service Event; or]
- (d) [other project specific conditions affecting only parts of the Facilities but which will render the whole of the Facilities substantially unusable for Authority Services].]



## SECTION 2

### CALCULATION OF SERVICE PAYMENTS

#### 1 MONTHLY SERVICE PAYMENT

- 1.1 Calculate the Monthly Service Payment payable in respect of a Contract Month "n" using the following formula:

$$MSP_n = \left( \frac{ASP_n}{12} \right) - \sum D_{n-2} + PTC$$

where:

**MSP** is the Monthly Service Payment for the Contract Month n;

**ASP<sub>n</sub>** is the Annual Service Payment for the Contract Year in which Contract Month n occurs, calculated in accordance with paragraph [ REF \_Ref321847169 \w \h \\* MERGEFORMAT ] below;

**ΣD** is the sum of Deductions in respect of performance of the Services during the Contract Month that was 2 months prior to Contract Month n as shown in the Monthly Service Report for that Contract Month and calculated in accordance with the provisions set out in Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*);

**PTC** means any Pass Through Costs due for which supporting uncontested invoices from Project Co's suppliers are available;

- 1.2 In the Contract Month in which the Payment Commencement Date falls, unless the Payment Commencement Date is the first day of that Contract Month, and in the last Contract Month of the Project Term, unless the last day of the Project Term is the last day of that Contract Month, adjust ASP<sub>n</sub> for the purposes of paragraph [ REF \_Ref321847240 \w \h \\* MERGEFORMAT ] above pro rata to reflect the actual number of days in the relevant Contract Month from and including the Payment Commencement Date (for the first month) and (for the last month) up to and including the last day of the Project Term (for the last month).

#### 2 ANNUAL SERVICE PAYMENT

Calculate the Annual Service Payment for any Contract Year "n" using the following formula:

$$ASP_n = ASP_0 \times (1 - IF) + \left[ (ASP_0 \times IF) \times \left[ 1 + \frac{(RPI_n - RPI_0)}{RPI_0} \right] \right]$$

where:

**ASP<sub>n</sub>** is the Annual Service Payment for the relevant Contract Year;

**ASP<sub>0</sub>** is the value for ASP<sub>0</sub> stated in Appendix [ REF SchedulePart14Appendix1 \h \\* MERGEFORMAT ] to this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) (being the Annual Service Payment at the Base Date), subject to any adjustments made from time to time in accordance with any express provision of this Agreement;

**IF** is the indexation factor being [ ]%;

**RPI<sub>n</sub>** is the value of the [Retail Prices Index] published or determined with respect to the month of February which most recently precedes the relevant Contract Year; and

**RPI<sub>0</sub>** is the value of the [Retail Prices Index] published or determined with respect to the Base Date.

### SECTION 3

#### DEDUCTIONS FROM MONTHLY SERVICE PAYMENTS

##### 1 ENTITLEMENT TO MAKE DEDUCTIONS

- 1.1 If at any time after the Payment Commencement Date an Availability Failure or a Performance Failure occurs the Authority will be entitled, subject to paragraphs [ REF \_Ref321387078 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321387082 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*) and paragraph [ REF \_Ref321847552 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart14Section4 \h \\* MERGEFORMAT ] (*Temporary Repairs and Alternative Accommodation*), to make Deductions in calculating the Monthly Service Payment in respect of that Availability Failure or Performance Failure, calculated in accordance with this Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*) of Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*).
- 1.2 In calculating the Monthly Service Payment for Contract Month "n", the maximum aggregate of all Deductions that the Authority may make in respect of Contract Month "n-2" is the Gross Monthly Availability Deduction for Contract Month "n-2".
- 1.3 In any Contract Month where the value of  $\sum D_{n-2}$  exceeds the value of  $ASP_{n/12}$ , the Monthly Service Payment due by the Authority shall be an amount equal to PTC for that Contract Month but the Authority shall, in calculating the Monthly Service Payment in respect of the following and (to the extent necessary) any subsequent Contract Months, be entitled to carry forward and set off the amount of such excess against the amount by which the value of  $ASP_{n/12}$  exceeds the value of  $\sum D_{n-2}$  (as such values are calculated in the following Contract Month and (to the extent necessary) any subsequent Contract Months) until the amount of such excess has been set-off in full. To the extent that any such excess has not been set off as at the earlier to occur of the Expiry Date and the Termination Date, then an amount equal to such excess shall be immediately due and payable by Project Co to the Authority.
- 1.4 To the extent that an Availability Failure or a Performance Failure:
- 1.4.1 is the result of an Excusing Cause; or
- 1.4.2 [is the result of an External Utility Failure,]
- the Authority shall not be entitled to make Deductions.
- 1.5 To the extent that an Availability Failure or a Performance Failure is the result of:
- 1.5.1 a Relief Event; or

1.5.2 an event of Force Majeure,

the Authority shall be entitled to make Deductions but any such Deductions shall be disregarded for the purposes of Clause [ REF \_Ref321330502 \r \h ] and Clause [ REF \_Ref321244371 \r \h ].

## 2 DEDUCTIONS FOR PERFORMANCE FAILURES

2.1 Subject to paragraphs [ REF \_Ref321387323 \r \h ] (*Entitlement to make Deductions*) and [ REF \_Ref321387330 \r \h ] (*Repeated Failures*) of this Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*), the amount of the Deduction in respect of a Performance Failure is calculated using the following formula:

$$D = PFD \times DP$$

where:

**D** means the amount (in pounds sterling) of the Deduction in respect of the Performance Failure; and

**PFD** means:

- (a) in the case of a Minor Performance Failure, the sum of £[ ], index linked;
- (b) in the case of a Medium Performance Failure, the sum of £[ ], index linked;
- (c) in the case of a Major Performance Failure, the sum of £[ ], index linked;

2.2 In the case of a Service Event for which no Rectification Period is specified in the Performance Standard, a Performance Failure occurs immediately upon the occurrence of the Service Event and, if it is not Remedied within the relevant Remedial Period, it will reoccur at the expiry of the Remedial Period and the Remedial Period shall recommence and so on until such time as the Performance Failure has been Remedied.

2.3 No Deduction may be made by the Authority from the Monthly Service Payment for the relevant Contract Month in respect of any Minor Performance Failure if the total number of Minor Performance Failures which have occurred in the relevant Contract Month is not more than [ ].

Where two or more Performance Failures occur in a Functional Area during a Day, only the Performance Failure that results in the highest Deduction will apply.

### 3 DEEMED PERFORMANCE FAILURES

If Project Co fails to monitor or accurately report a Service Event, a Performance Failure or an Availability Failure then, without prejudice to the Deduction to be made in respect of the relevant Performance Failure or Availability Failure (if any), the failure to monitor or report the Service Event, Performance Failure or Availability Failure will be deemed to be a new Medium Performance Failure unless the circumstances set out in paragraph [ REF \_Ref321400042 \w \h ] of Section [ REF SchedulePart14Section5 \h \\* MERGEFORMAT ] (*Failure by Project Co to Monitor or Report*) apply, in which case there shall be deemed to be a new Major Performance Failure.

### 4 DEDUCTIONS FOR AVAILABILITY FAILURES

4.1 Subject to paragraphs [ REF \_Ref321387323 \r \h \\* MERGEFORMAT ] (Entitlement to make Deductions) and [ REF \_Ref321387330 \r \h \\* MERGEFORMAT ] (Repeated Failures) of this Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (Deductions from Monthly Service Payments), and subject also to paragraph [ REF \_Ref321387485 \r \h \\* MERGEFORMAT ] [and paragraph [ REF \_Ref321387488 \r \h \\* MERGEFORMAT ]] below where applicable, the amount of the Deduction in respect of an Availability Failure is the higher of:

4.1.1 the Minimum Availability Deduction; and

4.1.2 an amount calculated in accordance with the following formula:

$$D = SUA \times SUR \times DP$$

where:

**D** means the amount (in pounds sterling) of the Deduction in respect of the Availability Failure

4.2 Where the relevant Functional Area is Unavailable but Used the Deduction for the Availability Failure shall be reduced by 50%.

4.3 [If on the relevant day any of the Whole Facilities Unavailability Conditions are met then, for the purpose of the formula in paragraph [ REF \_Ref321398645 \r \h \\* MERGEFORMAT ] above the SUA will be deemed to be equal to SUF.]

### 5 REPEATED FAILURES

Subject to paragraph [ REF \_Ref321387323 \r \h ] (*Entitlement to make Deductions*) of this Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*) if:

- 5.1 a Performance Failure in respect of the same Performance Standard; or
- 5.2 an Availability Failure in respect of the same Availability Standard,

occurs [ ] or more times in a rolling period of [ ] consecutive Contract Months, then the Deduction calculated pursuant to paragraph [ REF \_Ref321399254 \r \h \\* MERGEFORMAT ] (*Deductions for Performance Failures*) or paragraph [ REF \_Ref321399374 \r \h \\* MERGEFORMAT ] (*Deductions for Availability Failures*) of this Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*) for the [ ] and each subsequent such Performance Failure and/or the [ ] and each subsequent such Availability Failure during the relevant period of [ ] consecutive Contract Months shall be multiplied by [1.5].

## 6 REPEATED RECTIFICATION

If four or more Service Events occur in any rolling seven day period and:

- 6.1 each such Service Event is in connection with the same Performance Standard or Availability Standard;
- 6.2 each such Service Event affects the same Functional Area; and
- 6.3 there is good reason to believe that the root cause of each such Service Event is the same

then, notwithstanding paragraph [ REF \_Ref326058217 \r \h ] and notwithstanding that Project Co achieves Rectification of the Service Events within the relevant Rectification Period, there will be deemed to be a Major Performance Failure.

## 7 EFFECT OF UNAVAILABILITY ON OTHER DEDUCTIONS

- 7.1 Subject to paragraphs [ REF \_Ref321399466 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321399468 \r \h \\* MERGEFORMAT ], if a Performance Failure occurs affecting a Functional Area and the Service Event giving rise to the Performance Failure also gives rise to an Availability Failure affecting that Functional Area, only the deductions for the Availability Failure apply.
- 7.2 If an Availability Failure affects a Functional Area and the Authority does not continue to use that Functional Area, the Authority shall not, until Rectification of that Availability Failure, be entitled to make further Deductions in respect of that Functional Area other than in respect of the Availability Failure.
- 7.3 If a Functional Area is Unavailable but Used, the Authority will be entitled to make Deductions in respect of any Performance Failures affecting that Functional Area.



## SECTION 4

### TEMPORARY REPAIRS

- 1 If Project Co informs the Authority that it is unable to Rectify a Service Event within the specified Rectification Period due to the need for specialised materials or personnel that are not, and cannot reasonably be expected to be, immediately available at the Facilities but that a Temporary Repair can be effected:
  - 1.1 Project Co may carry out the Temporary Repair proposed by Project Co unless the Authority, acting reasonably, considers that, if the Temporary Repair proposed by Project Co is carried out, the relevant Functional Area will not be fit for use for the Authority Services for which it is normally used; and
  - 1.2 where a Temporary Repair is permitted pursuant to paragraph [ REF \_Ref321399617 \r \h \\* MERGEFORMAT ], the Authority and Project Co must act reasonably to agree a date and time (the “**Permanent Repair Deadline**”) by which a Permanent Repair must be made, giving Project Co a reasonable period within which to carry out the Permanent Repair.
  
- 2 During any period beginning at the time when a Temporary Repair has been approved by the Authority and ending at the earlier of:
  - 2.1 the time at which a Permanent Repair is successfully completed; and
  - 2.2 the Permanent Repair Deadline,

the Availability Standards will be replaced by the Minimum Agreed Availability Standards.
  
- 3 If an agreed Temporary Repair is completed by Project Co before the Permanent Repair Deadline and results in the Functional Area affected by the relevant Service Event satisfying the Minimum Agreed Availability Standards, the date and time shown in the Helpdesk records maintained by Project Co in accordance with the Service Level Specification as being the date and time when the Temporary Repair was completed (or, in the event that a failure affecting the Helpdesk occurs, as shown on the manual Helpdesk records maintained by Project Co as being the date and time when the Temporary Repair was completed) shall be deemed to be the Logged Rectification Time for that Service Event for the purpose of determining the value of DP in the formula in paragraph [ REF \_Ref321399374 \r \h \\* MERGEFORMAT ] (*Deductions for Availability Failures*) in Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*).
  
- 4 If the Permanent Repair is not carried out by the Permanent Repair Deadline, a Performance Failure or, as the case may be, an Availability Failure, will occur at that date and time and the provisions of paragraph [ REF \_Ref321399254 \r \h \\* MERGEFORMAT ] (*Deductions for Performance Failures*), paragraph [ REF \_Ref321399374 \r \h \\* MERGEFORMAT ] (*Deductions for Availability Failures*) and, if applicable, paragraph [ REF \_Ref321387330 \r \h \\* MERGEFORMAT ] (*Repeated Failures*) of Section [ REF

SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) shall apply.

## SECTION 5

### FAILURE BY PROJECT CO TO MONITOR OR REPORT

- 1 Subject to paragraphs [ REF \_Ref321399972 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321399975 \r \h \\* MERGEFORMAT ] inclusive of this Section [ REF SchedulePart14Section5 \h \\* MERGEFORMAT ] (*Failure by Project Co to Monitor or Report*), the Performance Monitoring Report produced by Project Co for any Contract Month shall be the source of the factual information regarding the performance of the Services for the relevant Contract Month for the purposes of calculating the Deductions pursuant to Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*).
- 2 Either party may give written notice to the other if it believes there is an error or omission in a Monthly Service Report provided that, save in the circumstances referred to in paragraph [ REF \_Ref321400042 \r \h \\* MERGEFORMAT ] below, such notice must be given before the end of the Contract Month that falls two Contract Months after the Contract Month in which the relevant Monthly Service Report was submitted by Project Co. The parties shall endeavour to agree the amendments required to rectify the error or omission (if any) within 10 Business Days of notice being given in accordance with this paragraph [ REF \_Ref321399972 \r \h \\* MERGEFORMAT ], failing which either party may, on giving written notice to the other, refer the matter to the Dispute Resolution Procedure.
- 3 Where Project Co fails to monitor or accurately to report a Performance Failure or an Availability Failure in the circumstances referred to in paragraph [ REF \_Ref321400042 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart14Section5 \h \\* MERGEFORMAT ] (*Failure by Project Co to Monitor or Report*), for the purposes of paragraph [ REF \_Ref321847552 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart19Section1 \h \\* MERGEFORMAT ] (*General Requirements*) of Schedule Part [ REF SchedulePart19 \h \\* MERGEFORMAT ] (*Record Provisions*) the Authority shall be deemed to have reasonable cause to require that Project Co shall make available to the Authority for inspection such of the records referred to in paragraphs [ REF \_Ref321847833 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321847851 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart19Section2 \h \\* MERGEFORMAT ] (*Records to be Kept*) of Schedule Part [ REF SchedulePart19 \h \\* MERGEFORMAT ] (*Record Provisions*) as the Authority may specify.
- 4 Project Co 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 investigation of records made available pursuant to paragraph [ REF \_Ref321400254 \r \h \\* MERGEFORMAT ] above.
- 5 In the event that the Authority's inspection or investigation of records made available pursuant to paragraph [ REF \_Ref321400254 \r \h \\* MERGEFORMAT ] above reveals any further matters of the types referred to in paragraphs [ REF \_Ref321399972 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321400254 \r \h \\* MERGEFORMAT ] above, those matters shall be dealt with in accordance with paragraph [ REF \_Ref321399972 \r \h \\* MERGEFORMAT ] or [ REF \_Ref321400254 \r \h \\* MERGEFORMAT ] as appropriate and the Authority shall, in addition, be entitled to make Deductions in respect of any Performance Failures or Availability Failures in the manner prescribed Section [ REF SchedulePart14Section3 \h \\* MERGEFORMAT ] (*Deductions from Monthly Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*). The Monthly Service Payment for the Contract Month in which any such Deduction would (but for the error or omission in the Performance Monitoring Report) have been made shall be re-calculated to take account of such Deduction and the amount of such

Deduction shall be immediately due and payable by Project Co to the Authority together with interest at the Default Interest Rate from the date on which the Authority paid the Monthly Invoice for the relevant Contract Month until the date on which payment is made by Project Co.

6 For the purposes of paragraphs [ REF \_Ref321399972 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321400254 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart14Section5 \h \\* MERGEFORMAT ] (*Failure by Project Co to Monitor or Report*) the relevant circumstances are:

- 6.1 fraudulent action or inaction; or
- 6.2 deliberate misrepresentation; or
- 6.3 gross misconduct or gross incompetence,

in each case on the part of Project Co or a Project Co Party.

The provisions of this Section [ REF SchedulePart14Section5 \h \\* MERGEFORMAT ] (*Failure by Project Co to Monitor or Report*) shall be without prejudice to any rights of the Authority in this Agreement pursuant to Clause [ REF \_Ref321319472 \w \h \\* MERGEFORMAT ] (*Monitoring of Performance*), Clause [ REF \_Ref321319477 \w \h \\* MERGEFORMAT ] (*Project Co Events of Default*) and Clause [ REF \_Ref321319483 \w \h \\* MERGEFORMAT ] (*Corrupt Gifts and Payments*).

## SECTION 6

### PASS THROUGH COSTS

#### 1 [UTILITY CHARGES

- 1.1 Project Co may include charges for Utilities in the Monthly Service Payment in accordance with paragraph [ REF \_Ref321847240 \r \h \\* MERGEFORMAT ] of Section [ REF SchedulePart14Section2 \h \\* MERGEFORMAT ] (*Calculation of Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) on the basis of costs reasonably incurred by Project Co and supported by an appropriate invoice from Project Co's suppliers.
- 1.2 The Authority is responsible for all connection, line rental and usage telephone charges.]

#### 2 [RATES

Project Co may include local authority rates in the Monthly Service Payment in accordance with paragraph [ REF \_Ref321847240 \r \h \\* MERGEFORMAT ] of Section [ REF SchedulePart14Section2 \h \\* MERGEFORMAT ] (*Calculation of Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) on the basis of the cost incurred by Project Co and supported by an appropriate invoice from the relevant local authority.]

#### 3 OPERATIONAL INSURANCE PREMIUMS

- 3.1 Subject to paragraph [ REF \_Ref321400418 \r \h \\* MERGEFORMAT ], Project Co may include the premiums paid by Project Co to take out and maintain the Operational Insurances in accordance with Clause [ REF \_Ref321400483 \r \h \\* MERGEFORMAT ] in the Monthly Service Payment in accordance with paragraph [ REF \_Ref321400688 \r \h \\* MERGEFORMAT ] (*Monthly Service Payment*) of Section [ REF SchedulePart14Section2 \h \\* MERGEFORMAT ] (*Calculation of Service Payments*) of this Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) on the basis of the cost incurred by Project Co and supported by an appropriate premium notices from the relevant insurer.
- 3.2 There shall be excluded from the premiums referred to in paragraph [ REF \_Ref321400755 \r \h \\* MERGEFORMAT ], a sum equal to any portion of the premiums attributable to any issue or factor other than circumstances generally prevailing in the relevant insurance market and circumstances attributable to malicious damage to the Facilities or the claims history or re-rating of the Authority or any Authority Party.

**APPENDIX 1**  
**ANNUAL SERVICE PAYMENTS AT BASE DATE**

**APPENDIX 2**  
**FUNCTIONAL AREAS AND GSUs**

**SCHEDULE PART 15**  
**INSURANCE REQUIREMENTS**

**SECTION 1**

**POLICIES TO BE TAKEN OUT BY PROJECT CO AND MAINTAINED DURING THE DESIGN AND CONSTRUCTION PHASE**

**Policies to be taken out by Project Co and maintained during the design and construction phase.**

Common to each policy in Section [ REF SchedulePart15Section1 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and maintained during the design and construction phase*) (unless stated otherwise):

**Insureds:**

- 1 Authority
- 2 Project Co
- 3 Contractor
- 4 Service Provider
- 5 Construction sub-contractors of any tier
- 6 Senior Funders
- 7 Subordinated Funders
- 8 Consultants - for their site activities only

each for their respective rights and interests in the Project

**1 CONTRACTORS' 'ALL RISKS' INSURANCE (CAR)**

**1.1 Insured Property**

The permanent and temporary works, materials [(including but not limited to equipment supplied by the Authority), goods, plant and equipment for incorporation in the works (other than constructional plant, tools, accommodation and equipment belonging to or the responsibility of the Contractor or the Construction sub-contractors) and all other property used or for use in connection with works associated with the Project.



**1.2 Coverage**

“All risks” of physical loss or damage to the Insured Property unless otherwise excluded.

**1.3 Sum Insured**

At all times an amount not less than the full reinstatement or replacement value of the Insured Property, but not less than the value specified in the Construction Contract plus provision to include Cover Features & Extensions as appropriate.

**1.4 Maximum Deductible**

£[ ].

**1.5 Territorial Limits**

United Kingdom including offsite storage and during inland transit.

**1.6 Period of Insurance**

From the date of this Agreement until the Actual Completion Date and thereafter in respect of defects liability until expiry of the [12] months defects liability period.

**1.7 Cover Features & Extensions**

1.7.1 Terrorism

1.7.2 Munitions of war clause

1.7.3 Additional costs of completion clause

1.7.4 Professional fees clause

1.7.5 Debris removal clause

1.7.6 72 hour clause

1.7.7 European Union local authorities clause

1.7.8 Free issue materials clause

- 1.7.9 [10]% escalation clause
- 1.7.10 Automatic reinstatement of sum insured clause
- 1.7.11 Loss minimisation

## 1.8 **Principal Exclusions**

- 1.8.1 War and related perils (UK market agreed wording)
- 1.8.2 Nuclear/radioactive risks (UK market agreed wording)
- 1.8.3 Pressure waves caused by aircraft and other aerial devices travelling at sonic or supersonic speeds
- 1.8.4 Wear, tear and gradual deterioration
- 1.8.5 Consequential financial losses
- 1.8.6 Cyber risks
- 1.8.7 Inventory losses
- 1.8.8 Fraud and employee dishonesty
- 1.8.9 DE5/DE3 drop down option

## 2 **DELAY IN START UP INSURANCE (DSU)**

### 2.1 **Insureds**

- 2.1.1 Project Co
- 2.1.2 Senior Funders
- 2.1.3 Subordinated Funders
- 2.1.4 Authority

each for their respective rights and interests in the Project.

## 2.2 Indemnity

In respect of:

2.2.1 loss of anticipated Revenue during at least the Minimum Indemnity Period arising from a delay in completion of the Project as a result of loss or damage covered under the Contractors' All Risks' Insurance effected in accordance with Item 1 (*Contractors' All Risks' Insurance (CAR)*) of Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*), including physical loss or damage which would be indemnifiable but for the application of any deductible;

2.2.2 the economic additional expenditure necessarily and reasonably incurred for the purpose of avoiding or reducing the loss of Revenue of Project Co which without such expenditure would have taken place, during the Minimum Indemnity Period.

## 2.3 Sum Insured

An amount sufficient to cover the sums the subject of the Indemnity for the Minimum Indemnity Period.

## 2.4 Maximum Excess

[ ] days.

## 2.5 Minimum Indemnity Period

[12] months.

## 2.6 Period of Insurance

As per the Contractors' "All Risks" Insurance, excluding the defects liability period.

## 2.7 Cover Features & Extensions

2.7.1 Denial of access

2.7.2 Utilities

2.7.3 Terrorism

2.7.4 Automatic Reinstatement of sum insured

2.7.5 Professional Fees

## 2.8 Principal Exclusions

2.8.1 The exclusions under the Contractors' 'All Risks' Insurance, other than for consequential financial losses.

2.8.2 Delayed response by a public body or state authority.

## 3 CONSTRUCTION THIRD PARTY LIABILITY INSURANCE

### 3.1 Interest

To indemnify the Insured in respect of all sums that they may become legally liable to pay (including claimant's costs and expenses) as damages in respect of accidental:

3.1.1 death, or bodily injury, illness, death, disease contracted by any person;

3.1.2 loss or damage to property;

3.1.3 interference to property or any easement right of air, light, water or way or the enjoyment or use thereof by obstruction, trespass, nuisance, loss of amenities, or any like cause.

happening during the Period of Insurance and arising out of or in connection with the Project.

### 3.2 Limit of Indemnity

Not less than £[ ]m in respect of any one occurrence, the number of occurrences being unlimited, but in the aggregate in respect of pollution liability.

### 3.3 Maximum Deductible

£[ ] for each and every occurrence of property damage. (Personal injury claims will be paid in full).

### 3.4 Territorial Limits

UK [and elsewhere in the world in respect of non manual visits].

### **3.5 Jurisdiction**

Worldwide excluding USA and Canada.

### **3.6 Period of Insurance**

As per the Contractors' "All Risks" Insurance, including the defects liability period.

### **3.7 Cover Features & Extensions**

3.7.1 Munitions of war

3.7.2 Cross liability clause

3.7.3 Contingent motor

3.7.4 Legal defence costs

### **3.8 Principal Exclusions**

3.8.1 Liability for death, illness, disease or bodily injury sustained by employees of the insured.

3.8.2 Liability arising out of the use of mechanically propelled vehicles whilst required to be compulsorily insured by legislation in respect of such vehicles.

3.8.3 Liability in respect of predetermined penalties or liquidated damages imposed under any contract entered into by the Insured.

3.8.4 Liability in respect of loss or damage to property in the care, custody and control of the insured but this exclusion is not to apply to all property belonging to the Authority which is in the care, custody and control of another Insured.

3.8.5 Events more properly covered under a professional indemnity policy.

3.8.6 Liability arising from the ownership, possession or use of any aircraft or marine vessel.

3.8.7 Liability arising from seepage and pollution unless caused by a sudden, unintended and unexpected occurrence.

3.8.8 Losses indemnified under the CAR policy or DSU policy.

## SECTION 2

### POLICIES TO BE TAKEN OUT BY PROJECT CO AND MAINTAINED FROM THE ACTUAL COMPLETION DATE

Common to all policies in Section [ REF SchedulePart15Section2 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and maintained from the Actual Completion Date*) (unless stated otherwise):

#### Insureds

- 1 Authority
- 2 Project Co
- 3 Service Provider
- 4 Service Provider's sub-contractors
- 5 Senior Funders
- 6 Subordinated Funders

each for their respective rights and interests in the Project.

#### 1 PROPERTY DAMAGE INSURANCE

##### 1.1 Insured Property

The project assets which are the property of Project Co or for which Project Co may be responsible including but not limited to the Facilities.

##### 1.2 Coverage

"All risks" of physical loss or damage to the Insured Property from any cause not excluded, including machinery breakdown and computer breakdown in respect of appropriate equipment.

##### 1.3 Sum Insured

At all times an amount not less than the total reinstatement or replacement value of the Insured Property plus provision to include other Principal Extensions as appropriate (escalated periodically as appropriate).

##### 1.4 Maximum Deductible

£[ ] each and every claim (escalated periodically as appropriate).

**1.5 Territorial Limits**

United Kingdom plus elsewhere whilst in inland transit.

**1.6 Period of Insurance**

From the Actual Completion Date [Phase Actual Completion Date] or as otherwise specified in this Agreement for the duration of this Agreement and renewable on an annual basis unless agreed otherwise by the Parties.

**1.7 Cover Features & Extensions**

1.7.1 Terrorism

1.7.2 Automatic reinstatement of sum insured

1.7.3 Capital additions clause

1.7.4 72 hour clause

1.7.5 European Union local authorities clause

1.7.6 Professional fees

1.7.7 Debris removal

1.7.8 Pollution and contamination to the Insured Property arising from an event which itself is not otherwise excluded

1.7.9 Repair / reinstatement basis of claims settlement with cash option for non-reinstatement

**1.8 Principal Exclusions**

1.8.1 War and related perils (UK market agreed wording)

1.8.2 Nuclear/radioactive risks (UK market agreed wording)



- 1.8.3 Pressure waves caused by aircraft and other aerial devices travelling at sonic or supersonic speeds
- 1.8.4 Wear, tear and gradual deterioration
- 1.8.5 Consequential financial losses
- 1.8.6 Cyber risks
- 1.8.7 Losses recovered under the CAR policy

## 2 BUSINESS INTERRUPTION INSURANCE

### 2.1 Insureds

- 2.1.1 Project Co
- 2.1.2 Senior Funders
- 2.1.3 Subordinated Funders
- 2.1.4 Authority

each for their respective rights and interests in the Project.

### 2.2 Indemnity

In respect of:

- 2.2.1 loss of anticipated Revenue during at least the Minimum Indemnity Period arising from an interruption or interference in the operation of the Project as a result of loss or damage covered under Property Damage Insurance effected in accordance with paragraph [ REF \_Ref321408715 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart15Section2 \h \\* MERGEFORMAT ] (*Policies to be taken out by Project Co and maintained from the Actual Completion Date*) of this Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*) including physical loss or damage which would be indemnifiable but for the application of any deductible;
- 2.2.2 the economic additional expenditure necessarily and reasonably incurred for the purpose of avoiding or reducing the loss of Revenue of Project Co which without such expenditure would have taken place, during the Indemnity Period.

**2.3 Sum Insured**

An amount sufficient to cover the sums the subject of the Indemnity for the Minimum Indemnity Period.

**2.4 Maximum Excess**

[£]/[ days].

**2.5 Minimum Indemnity Period**

[12] months.

**2.6 Period of Insurance**

From the Actual Completion Date [Phase Actual Completion Date] for the duration of this Agreement and renewable on an annual basis unless agreed otherwise.

**2.7 Cover Features & Extensions**

2.7.1 Denial of access

2.7.2 Terrorism

2.7.3 Utilities

2.7.4 Accountants Clause

2.7.5 Automatic reinstatement of sum insured

**2.8 Principal Exclusions**

2.8.1 Financial losses

2.8.2 Delayed response by a public body or state authority

**3 THIRD PARTY PUBLIC AND PRODUCTS LIABILITY INSURANCE**

**3.1 Indemnity**

To indemnify the Insured in respect of all sums that they may become legally liable to pay (including claimant's costs and expenses) as damages in respect of accidental:

3.1.1 death, or bodily injury, illness, death, disease contracted by any person;

3.1.2 loss or damage to property;

3.1.3 interference to property or any easement right of air, light, water or way or the enjoyment or use thereof by obstruction, trespass, nuisance, loss of amenities, or any like cause.

happening during the period of insurance and arising out of or in connection with the Project and the provision of the Services.

### **3.2 Limit of Indemnity**

Not less than £[ ] (escalated periodically as appropriate) in respect of any one occurrence, the number of occurrences being unlimited, but in the aggregate in respect of pollution and products liability.

### **3.3 Maximum Deductible**

£[ ] for each and every occurrence of property damage (escalated periodically as appropriate). (Personal injury claims will be paid in full).

### **3.4 Territorial Limits**

UK [and elsewhere in the world in respect of non manual visits].

### **3.5 Jurisdiction**

Worldwide.

### **3.6 Period of Insurance**

From the Actual Completion Date or as otherwise specified in this Agreement for the duration of this Agreement and renewable on an annual basis unless agreed otherwise.

### **3.7 Cover Features & Extensions**

3.7.1 Munitions of war.

- 3.7.2 Cross liability clause
- 3.7.3 Contingent motor
- 3.7.4 legal defence costs in addition to the Limit of Indemnity

### **3.8 Principal Exclusions**

- 3.8.1 Liability for death, illness, disease or bodily injury sustained by employees of the insured.
- 3.8.2 Liability arising out of the use of mechanically propelled vehicles whilst required to be compulsorily insured by legislation in respect of such vehicles.
- 3.8.3 Liability in respect of predetermined penalties or liquidated damages imposed under any contract entered into by the insured.
- 3.8.4 Liability in respect of loss or damage to property in the care, custody and control of the insured but this exclusion is not to apply to all property belonging to the Authority which is in the care, custody and control of another Insured Party.
- 3.8.5 Liability arising out of technical or professional advice (given for a fee) other than in respect of death or bodily injury to persons or damage to third party property.
- 3.8.6 Liability arising from the ownership, possession or use of any aircraft or marine vessel.
- 3.8.7 Liability arising from seepage and pollution unless caused by a sudden, unintended and unexpected occurrence.
- 3.8.8 Losses under the property damage policy or business interruption policy.

**SECTION 3**  
**ENDORSEMENTS**

Unless the context otherwise requires defined terms set out in the following endorsements shall have the meaning set out in the Contract.

**Endorsement 1**

**Cancellation**

- 1 This policy shall not be cancelled or terminated before the original expiry date is to take effect except in respect of non-payment of premium.
  
- 2 The insurer shall by written notice advise the Authority:
  - 2.1 at least 30 days before any such cancellation or termination is to take effect;
  
  - 2.2 at least 30 days before any reduction in limits or coverage or any increase in deductibles is to take effect; and
  
  - 2.3 of any act or omission or any event of which the insurer has knowledge and which might invalidate or render unenforceable in whole or in part this policy.

**Endorsement 2**

**Multiple Insured/Non-Vitiation Clause**

- 1 Each of the parties comprising the insured shall for the purpose of this policy be considered a separate co-insured entity, insured on a composite basis, with the words "the insured" applying to each as if they were separately and individually insured provided that the total liability of the insurers under each section of this policy to the insured collectively shall not (unless the policy specifically permits otherwise) exceed the limit of indemnity or amount stated to be insured under that section or policy. Accordingly, the liability of the insurers under this policy to any one insured shall not be conditional upon the due observance and fulfilment by any other insured party of the terms and conditions of this policy or of any duties imposed upon that insured party relating thereto, and shall not be affected by any failure in such observance or fulfilment by any such other insured party.
  
- 2 It is understood and agreed that any payment or payments by insurers to any one or more of the insureds shall reduce, to the extent of that payment, insurers' liability to all such parties arising from any one event giving rise to a claim under this policy and (if applicable) in the aggregate.
  
- 3 Insurers shall be entitled to avoid liability to or (as may be appropriate) claim damages from any insured party in circumstances of fraud misrepresentation non-disclosure or material breach of warranty or condition of this policy (each referred to in this clause as a "**Vitiating Act**") committed by that insured party save where such misrepresentation non-disclosure or breach of warranty or condition was committed innocently and in good faith.

- 4 For the avoidance of doubt it is however agreed that a Vitiating Act committed by one insured party shall not prejudice the right to indemnity of any other insured who has an insurable interest and who has not committed the Vitiating Act.
- 5 Insurers hereby agree to waive all rights of subrogation and/or recourse which they may have or acquire against any insured party (together with their employees and agents) except where the rights of subrogation or recourse are acquired in consequence of a Vitiating Act in which circumstances insurers may enforce such rights against the insured responsible for the Vitiating Act notwithstanding the continuing or former status of the vitiating party as an insured.
- 6 Notwithstanding any other provision of this policy or any other document or any act and/or omission by any insured party insurers agree that:
  - 6.1 no party other than the Authority has any authority to make any warranty, disclosure or representation in connection with this policy on behalf of the Authority;
  - 6.2 where any warranty, disclosure or representation is required from the Authority in connection with this policy insurers will contact the Authority in writing (in accordance with Endorsement 3 to the Contract) and set out expressly the warranty, disclosure and/or representation required within a reasonable period of time from the Authority (regarding itself); and
  - 6.3 save as set out in a request from insurers to the Authority in accordance with (2) above, the Authority shall have no duty to disclose any fact or matter to insurers in connection with this policy save to the extent that for the Authority not to disclose a fact or matter would constitute fraudulent misrepresentation and/or fraudulent non-disclosure.

### **Endorsement 3**

#### **Communications**

- 1 All notices or other communications under or in connection with this policy shall be given to each insured (and the Authority) in writing or by facsimile. Any such notice will be deemed to be given as follows:
  - 1.1 if in writing, when delivered;
  - 1.2 if by facsimile, when transmitted but only if, immediately after transmission, the sender's facsimile machine records a successful transmission has occurred.
- 2 The address and facsimile number of the Authority for all notices under or in connection with this policy are those notified from time to time by the Authority for this purpose to Project Co at the relevant time. The initial address and facsimile number of the Authority are as follows:

The Authority:

Address:

Facsimile No: [ ]

Attention: The Chief Executive from time to time of the Authority

- 3 It is further agreed that a notice of claim given by the Authority or any other insured shall in the absence of any manifest error be accepted by the insurer as a valid notification of a claim on behalf of all insureds.

#### **Endorsement 4**

##### **Loss Payee (applicable only to the Physical Damage Policies)**

Subject to the provision of Clause [ REF \_Ref321294684 \w \h \\* MERGEFORMAT ] of this Agreement all proceeds of this policy shall be payable without deduction or set-off to the Insurance Proceeds Account.

#### **Endorsement 5**

##### **Primary Insurance**

It is expressly understood and agreed that this policy provides primary cover for the insured parties and that in the event of loss destruction damage or liability covered by this policy which is covered either in whole or in part under any other policy or policies of insurance effected by or on behalf of any of the insured parties the insurers will indemnify the insured parties as if such other policy or policies of insurance were not in force and the insurers waive their rights of recourse if any against the insurers of such other policy or policies of insurance.

#### **Endorsement 6**

##### **Ringfencing**

The level of any indemnity available to an insured party under this policy in relation to any claim(s) concerning the Project shall not be affected and/or reduced by any claim(s) unrelated to the Project.

## SECTION 4

### INSURANCE ARRANGEMENTS

- 1 Project Co must comply with the provisions of this Section [ REF SchedulePart15Section4 \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] when placing or renewing the Operational Insurances.
- 2 Not less than [sixty (60)] Business Days prior to the [first Phase] Completion Date and each subsequent renewal date in respect of each of the Operational Insurances, Project Co must inform the Authority's Representative of the forthcoming requirement to place or renew an Operational Insurance and its proposals for obtaining competitive quotations from at least ([three (3)] suitable insurers. Project Co must take advice from reputable insurance brokers experienced in arranging insurances for similar risks as to which insurers are most likely to provide quotations that will represent best value for money for the Authority as payer of the premiums for such insurance. In considering which insurers to approach, Project Co must consider whether any of the Shareholders enjoys any special relationship with any insurer and/or is otherwise able to procure the placing of the relevant insurance in any particular manner consistent with the requirements of this Agreement that may result in lower premiums and shall include such insurers in its proposal under this paragraph [ REF \_Ref321401411 \r \h \\* MERGEFORMAT ].
- 3 Within [ten (10)] Business Days of receiving a notice from Project Co pursuant to paragraph [ REF \_Ref321401411 \r \h \\* MERGEFORMAT ], the Authority may provide Project Co with details of any other insurers that it wishes Project Co to invite to quote for provision of the relevant Operational Insurance.
- 4 Not less than [thirty (30)] Business Days prior to the [first Phase] Completion Date and each subsequent renewal date for any of the Operational Insurances, Project Co must forward to the Authority's Representative quotes from the proposed insurers (together with the principal terms and conditions of the relevant insurance policies), to include any insurer nominated by the Authority pursuant to paragraph [ REF \_Ref321401565 \r \h \\* MERGEFORMAT ], including a reasoned recommendation as to which quote Project Co views as offering best value for money for the Authority, taking into account all relevant circumstances.
- 5 Within [ten (10)] Business Days of receiving a recommendation from Project Co pursuant to paragraph [ REF \_Ref321401634 \r \h \\* MERGEFORMAT ], the Authority must notify Project Co in writing which insurer it is to place the relevant Operational Insurance with, failing which Project Co shall be entitled to place the relevant Operational Insurance with the insurer recommended by Project Co.



## SECTION 5

### BROKER'S LETTER OF UNDERTAKING

To: The Authority

Dear Sirs

Agreement dated [ ] entered into between [ ] Limited ("Project Co") and [ ] (the "Authority") (the "Agreement")

- 1 We refer to the Agreement. Unless the context otherwise requires, terms defined in the Agreement shall have the same meaning in this letter.
- 2 We act as insurance broker to Project Co in respect of the Insurances and in that capacity we confirm that the Insurances which are required to be procured pursuant to Clause [ REF \_Ref321320300 \w \h \\* MERGEFORMAT ] and Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] of the Agreement:
  - 2.1 where appropriate name you and such other persons as are required to be named pursuant to the Agreement for their respective interests;
  - 2.2 are, in our reasonable opinion as insurance brokers, as at today's date, in full force and effect in respect of all the matters specified in the Agreement; and
  - 2.3 that all premiums due to date in respect of the Insurances are paid and the Insurances are, to the best of our knowledge and belief, placed with insurers which, as at the time of placement, are reputable and financially sound. We do not, however, make any representations regarding such insurers' current or future solvency or ability to pay claims; and that
  - 2.4 the endorsements set out in Section [ REF SchedulePart15Section3 \h \\* MERGEFORMAT ] (*Endorsements*) of Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*) of the Agreement are as at today's date in full force and effect in respect of the Insurances.
- 3 We further confirm that the attached cover notes confirm this position.
- 4 Pursuant to instructions received from Project Co and in consideration of your approving our appointment [or continuing appointment] as brokers in connection with the Insurances, we hereby undertake in respect of the interests of the Authority in relation to the Insurances:
  - 4.1 **Notification Obligations**
    - 4.1.1 to notify you at least 30 (thirty) days prior to the expiry of any of the Insurances if we have not received instructions from Project Co to

negotiate renewal and in the event of our receiving instructions to renew, to advise you promptly of the details thereof;

4.1.2 to notify you at least 30 (thirty) days prior to ceasing to act as brokers to Project Co unless, due to circumstances beyond our control, we are unable to do so in which case we shall notify you as soon as practicable; and

4.1.3 to pay into the Insurance Proceeds Account without set off or deduction of any kind for any reason all payments in respect of claims received by us from insurers in relation to the Insurances specified in Clauses [ REF \_Ref321319570 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321241817 \w \h \\* MERGEFORMAT ] of the Agreement.

#### 4.2 **Advisory Obligations**

4.2.1 to notify you promptly of any default in the payment of any premium for any of the Insurances;

4.2.2 to notify you if any insurer cancels or gives notification of cancellation of any of the Insurances, at least 30 (thirty) days before such cancellation is to take effect or as soon as reasonably practicable in the event that notification of cancellation takes place less than 30 (thirty) days before it is to take effect;

4.2.3 to notify you of any act or omission, breach or default of which we have knowledge which in our reasonable opinion may either invalidate or render unenforceable in whole or in part any of the Insurances or which may otherwise materially impact on the extent of cover provided under the Insurances; and

4.2.4 to advise Project Co of its duties of disclosure to insurers and to specifically advise upon:

(a) the facts, circumstances and beliefs that should generally be disclosed to insurers; and

(b) the obligation not to misrepresent any facts, matters or beliefs to insurers.

#### 4.3 **Disclosure Obligations**

4.3.1 to disclose to insurers all information made available to us from any source and any fact, change of circumstances or occurrence made known to us from any source which in our reasonable opinion is material to the risks insured against under the Insurances and which properly should be disclosed to insurers as soon as practicable after we become

aware of such information, fact, change of circumstance or occurrence whether prior to inception or renewal or otherwise; and

4.3.2 to treat as confidential all information so marked or otherwise stated to be confidential and supplied to us by or on behalf of Project Co or the Authority and not to disclose such information, without the prior written consent of the supplier, to any third party other than those persons who, in our reasonable opinion have a need to have access to such information from time to time, and for the purpose of disclosure to the insurers or their agents in respect of the Insurances in discharge of our obligation set out at Clause [ REF \_Ref321319656 \w \h \\* MERGEFORMAT ] of this letter. Our obligations of confidentiality shall not conflict with our duties owed to Project Co and shall not apply to disclosure required by an order of a court of competent jurisdiction, or pursuant to any applicable law, governmental or regulatory authority having the force of law or to information which is in the public domain.

#### 4.4 Administrative Obligations

4.4.1 to hold copies of all documents relating to or evidencing the Insurances, including but without prejudice to the generality of the foregoing, insurance slips, contracts, policies, endorsements and copies of all documents evidencing renewal of the Insurances, payment of premiums and presentation and receipt of claims;

4.4.2 to supply to the Authority and/or its insurance advisers (or the Authority's or its insurance advisers' authorised representatives) promptly on written request copies of the documents set out in Clause [ REF \_Ref321319710 \w \h \\* MERGEFORMAT ] of this letter, and to the extent available, to make available to such persons promptly upon the Authority's request the originals of such documents;

4.4.3 to administer the payment of premiums due pursuant to the Insurances such that, in so far as we hold appropriate funds, all such premiums shall be paid to insurers in accordance with the terms of the Insurances;

4.4.4 to administer the payment of claims from insurers in respect of the Insurances (the "Insurance Claims") including:

(a) negotiating settlement of Insurance Claims presented in respect of the Insurances;

(b) collating and presenting all information required by insurers in relation to Insurance Claims presented in respect of the Insurances, and

(c) insofar as it is relevant and practicable, liaising with and reporting to each Authority throughout the settlement, payment and administration of such Insurance Claims.

- 4.4.5 to advise the Authority promptly upon receipt of notice of any material changes which we are instructed to make in the terms of the Insurances and which, if effected, in our opinion as Insurance Brokers would result in any material reduction in limits or coverage or in any increase in deductibles, exclusions or exceptions;
- 4.4.6 to advise the Authority in advance of any change to the terms of, or any lapse, non-renewal and/or cancellation of any policy maintained in respect of the Insurances;
- 4.4.7 to use our reasonable endeavours to have endorsed on each and every policy evidencing the Insurances (when the same is issued) endorsements substantially in the form set out in Section [ REF SchedulePart15Section3 \h \\* MERGEFORMAT ] (Endorsements) to Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (Required Insurances) of the Agreement; and
- 4.4.8 to provide, prior to the Commencement of the Operational Insurances and prior to each renewal of any of them, a statement containing
- (a) the information required to satisfy the requirement of Section [ REF SchedulePart15Section4 \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart15 \h \\* MERGEFORMAT ] (*Insurance Requirements*) to the Project Agreement; and
- (b) our opinion, supported by appropriate evidence, of the generally prevailing market for the relevant Insurance and of any other circumstances relevant to the application of paragraph [ REF \_Ref321400418 \r \h \\* MERGEFORMAT ] of Section [ REF SchedulePart14Section6 \h \\* MERGEFORMAT ] (*Pass Through Costs*) of Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) to the Project Agreement to the premiums for the relevant Insurance specifying the impact of each factor on the premium quotations obtained.

## 5 NOTIFICATION DETAILS

Our obligations at Clause [ REF \_Ref321844350 \w \h \\* MERGEFORMAT ] of this letter to notify or inform you shall be discharged by providing the requisite information in hard copy to: [Authority]

- 6 We shall supply further letters substantially in this form on renewal of each of the Insurances and shall supply copies of such letters to those parties identified to us by the Authority for such purposes.

Yours faithfully

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For and on behalf of [Project Co's broker]



**SCHEDULE PART 16**  
**CHANGE PROTOCOL**

**SECTION 1**

**DEFINITIONS**

In this Schedule Part [ REF SchedulePart16 \h ] (*Change Protocol*) and elsewhere in this Agreement (save where Schedule Part [ REF SchedulePart1 \h ] provides to the contrary) the following words shall have the following meanings:

- “Adjustment Date”** means the date on which the adjustment to the Annual Service Payments takes effect in accordance with the provisions of this Agreement, or such other date as is agreed between the parties;
- “Affordable”** means within the revenue resource parameters determined by the Authority and notified in writing by it to Project Co as available for a proposed High Value Change;
- “Approval Criteria”** has the meaning given in paragraph [ REF \_Ref321411502 \w \h \\* MERGEFORMAT ] (*Approval Criteria*) of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);
- “Approved Criteria”** has the meaning given in paragraph [ REF \_Ref321405183 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);
- “Assumption Adjustment”** means an adjustment to any of the assumptions contained in the Financial Model;
- “Authority Change”** means, as the case may be, a Low Value Change, a Medium Value Change or a High Value Change;
- “Authority Change Notice”** means a notice issued in accordance with this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) requiring an Authority Change;
- “Calculation Date”** means the relevant date for the purposes of calculating the Incurred Change Management Fee in accordance with Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);
- “Capital Cost”** means in relation to any High Value Change the cost of carrying out the design, construction and commissioning of any construction works required to implement that High Value Change;
- “Catalogue of Small Works and** means the list of prices and time periods for types of Low

**Services” and “Catalogue”**

Value Changes set out in Appendix [ REF SchedulePart16Appendix1Part1 \h \\* MERGEFORMAT ] Part 1 (*Catalogue*) to this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*), as amended from time to time in accordance with paragraph [ REF \_Ref321411837 \w \h \\* MERGEFORMAT ] (*Project Co Response and Authority Confirmation*) of Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Catalogue Price”**

means the total cost (excluding VAT) of carrying out a Low Value Change as set out in the Catalogue;

**“Catalogue Review Date”**

means each third anniversary of the Commencement Date;

**“Change”**

means a change in the Works, the Facilities and/or Services or additional works and/or services or a change in the Authority's Policies that may be made under Clause [ REF \_Ref321319895 \w \h \\* MERGEFORMAT ] (*Change Protocol*) or this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Change in Costs”**

means in respect of any Relevant Event, the effect of that Relevant Event (whether of a one-off or recurring nature, and whether positive or negative) upon the actual or anticipated costs, losses or liabilities of Project Co and/or the Contractor and/or any Service Provider (without double counting), including, as relevant, the following:

- (a) the reasonable costs of complying with the requirements of Clauses [ REF \_Ref321240342 \w \h \\* MERGEFORMAT ], [ REF \_Ref321319909 \w \h \\* MERGEFORMAT ] (*Delay Events*), [ REF \_Ref321319905 \w \h \\* MERGEFORMAT ] (*Changes in Law*) and/or Sections [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) to [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*), including the reasonable costs of preparation of design and estimates;
- (b) the costs of continued employment of, or making redundant, staff who are no longer required;
- (c) the costs of employing additional staff;
- (d) reasonable professional fees;
- (e) the costs to Project Co of financing any Relevant

Event (and the consequences thereof) including commitment fees and capital costs interest and hedging costs, lost interest on any of Project Co's own capital employed and any finance required pending receipt of a lump sum payment or adjustments to the Annual Service Payment;

- (f) the effects of costs on implementation of any insurance reinstatement in accordance with this Agreement, including any adverse effect on the insurance proceeds payable to Project Co (whether arising from physical damage insurance or business interruption insurance (or their equivalent)) in respect of that insurance reinstatement and any extension of the period of implementation of the insurance reinstatement;
- (g) operating costs, or lifecycle maintenance or replacement costs;
- (h) Capital Expenditure (or, in the case of a Relevant Event which is a Relevant Change in Law, Capital Expenditure for which the Authority is responsible);
- (i) the costs required to ensure continued compliance with the Funding Agreements;
- (j) any deductible or increase in the level of deductible, or any increase in premium under or in respect of any insurance policy; and
- (k) Direct Losses or Indirect Losses, including reasonable legal expenses on an indemnity basis;

**["Change in Revenue"**

means, in respect of any Relevant Event, the effect of that Relevant Event (whether of a one-off or recurring nature, and whether positive or negative) upon the actual or anticipated income of Project Co and/or any Service Provider from [Third Party Use] or other income committed from third parties (without double counting);]

**"Change Management Fee"**

means the fee calculated in accordance with paragraph [ REF \_Ref321415397 \w \h \\* MERGEFORMAT ] (*Information and notifications by the Authority to Project Co and cooperation of the Authority*) of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*);

**"Cost"**

where used in the definitions of High Value Change and Low Value Change means the immediate cost that will be incurred by Project Co to implement the relevant Change, disregarding any Whole Life Costs;



**[“Derogated Low Value Change”**

means:

- (a) [list specific types of Changes to be allowed] and
- (b) any other Low Value Change that:
  - (i) consists of minor works;
  - (ii) only affects the interior of the Facilities;
  - (iii) does not affect any of the mechanical and electrical equipment of the Facilities;
  - (iv) does not involve any interference with the service media in the Facilities;
  - (v) will not conflict with any Programmed Maintenance; and
  - (vi) will not prejudice any of the Operational Insurances;]

**[“Derogated Low Value Change Notice”**

means a notice given by the Authority in accordance with paragraph [ REF \_Ref321413632 \r \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);]

**“Estimate”**

has the meaning given in paragraph [ REF \_Ref321412359 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] (*Medium Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Estimated Change in Project Costs”**

means, in respect of any Relevant Event, the aggregate of any Change in Costs and/or (without double counting) Change in Revenue (as relevant);

**“High Value Change”**

means:

- (a) a Change requested by the Authority that, in the reasonable opinion of the Authority, is likely either to Cost in excess of [one hundred thousand pounds (£100,000)] (index linked) or to require an adjustment to the Annual Service Payment that on a full year basis is 2% or more of the Annual Service Payment in the relevant Contract Year

provided that the parties may agree that such a Change should instead be processed as a Medium Value Change; or

- (b) any other Change that the parties agree is to be treated as a High Value Change;

**“High Value Change Proposal”**

means a proposal satisfying the requirements of paragraph [ REF \_Ref321412493 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“High Value Change Requirements”**

has the meaning given in paragraph [ REF \_Ref321412586 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“High Value Change Stage 2 Submission”**

has the meaning given in paragraph [ REF \_Ref321412647 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Incurred Change Management Fee”**

means the amounts actually incurred or payable by or on behalf of Project Co up to the Calculation Date in respect of matters identified by Project Co pursuant to paragraphs [ REF \_Ref321412760 \w \h \\* MERGEFORMAT ] and/or [ REF \_Ref321412815 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule as falling within the Change Management Fee (and not already reimbursed by the Authority);

**“Input Adjustment”**

means any adjustment to the Financial Model other than Assumption Adjustment and Logic Adjustments;

**“Key Ratios”**

means the following ratios:

- (a) the [Loan Life Cover Ratio] (as defined in the Senior Funding Agreements);
- (b) the [Annual Debt Service Cover Ratio] (as defined in the Senior Funding Agreements);
- (c) the [Project IRR]; and
- (d) the [Subordinated Debt Rate];

<b>“Logic Adjustment”</b>	means an adjustment to the logic or formulae contained in the Financial Model;
<b>“Low Value Change”</b>	means a Change which is either: <ul style="list-style-type: none"> <li>(a) of a type listed in the Catalogue of Small Works and Services; or</li> <li>(b) is not so listed, but has an individual Cost not exceeding [five thousand pounds (£5,000)] (index linked), or as otherwise agreed from time to time, except for any request that would (if implemented) increase the likelihood of Project Co failing to meet the Authority’s Construction Requirements and/or the Service Level Specification or materially and adversely affect Project Co’s ability to perform its obligations under this Agreement;</li> </ul>
<b>“Medium Value Change”</b>	means a Change requested by the Authority which is not a Low Value Change or a High Value Change;
<b>“Post-Adjustment Financial Model”</b>	means the Financial Model in effect immediately following the making of the relevant Adjustments;
<b>“Pre-Adjustment Financial Model”</b>	means the Financial Model in effect immediately prior to the making of the relevant Adjustments;
<b>“Project Co Change”</b>	means a Change that is initiated by Project Co by submitting a Project Co Notice of Change to the Authority pursuant to Section [ REF SchedulePart16Section5 \h \* MERGEFORMAT ] ( <i>Project Co Changes</i> ) of this Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] ( <i>Change Protocol</i> );
<b>“Project Co Notice of Change”</b>	has the meaning given in paragraph 1 of Section [ REF SchedulePart16Section5 \h \* MERGEFORMAT ] ( <i>Project Co Changes</i> ) of this Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] ( <i>Change Protocol</i> );
<b>“Relevant Event”</b>	means an event or circumstance in which this Agreement expressly provides for an adjustment to the Annual Service Payments to be made;
<b>“Review Procedure”</b>	means the procedure set out in Schedule Part [ REF SchedulePart8 \h \* MERGEFORMAT ] ( <i>Review Procedure</i> );
<b>“Small Works and Services Rates”</b>	means the rates to be applied in respect of any request from the Authority for a Low Value Change set out in Appendix [ REF SchedulePart16Appendix1 \h \* MERGEFORMAT ] Part 2 ( <i>Small Works and Services Rates</i> ) to this Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] ( <i>Change Protocol</i> ), as amended from time to time in accordance with paragraph [ REF _Ref321413122 \w \h \* MERGEFORMAT ] of Section [ REF SchedulePart16Section2 \h \* MERGEFORMAT ] ( <i>Low Value Changes</i> ) of this Schedule Part [ REF SchedulePart16 \h \* MERGEFORMAT ] ( <i>Change</i>

*Protocol*);

**“Stage 1 Approval”**

has the meaning given in paragraph [ REF \_Ref321413246 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Stage 1 Approved Project”**

has the meaning given in paragraph [ REF \_Ref321413246 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Stage 2 Approval”**

has the meaning given in paragraph [ REF \_Ref321405183 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Target Cost”**

has the meaning given in paragraph [ REF \_Ref321413456 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);

**“Third Party Costs”**

means the costs incurred by Project Co with third parties in responding to an Authority Change Notice for a Medium Value Change or a High Value Change, including, but not limited to, the Sub-Contractors, consultants and advisers; and

**“Whole Life Cost”**

means the estimated and (to the extent that such information is available) the actual cost of operating and maintaining that High Value Change over its intended design life (consistent with Project Co's Proposals).

## SECTION 2

### LOW VALUE CHANGES

#### 1 Low Value Change Notice

- 1.1 Subject to paragraph [ REF \_Ref321413632 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*), where a Low Value Change is required by the Authority, it must submit an Authority Change Notice to Project Co.
- 1.2 [The Authority may carry out Derogated Low Value Changes during the Operational Term. If the Authority wishes to carry out a Derogated Low Value Change it shall send Project Co a notice at least [five (5)] Business Days prior to the date on which it proposes to start to implement the Change setting out the nature of the proposed Change in sufficient detail to enable Project Co to satisfy itself that the proposed Change constitutes a Derogated Low Value Change. Project Co may notify the Authority within [three (3)] Business Days of receipt of a Derogated Low Value Change Notice that it does not agree that the proposed Change constitutes a Derogated Low Value Change and, unless the parties otherwise agree, the Authority must not take any steps to carry out the proposed Change unless it has referred the dispute to the Dispute Resolution Procedure and it has been determined that the proposed Change is a Derogated Low Value Change.]
- 1.3 [If it carries out a Derogated Low Value Change, the Authority must use Good Industry Practice to the standards that would have applied to Project Co if it had carried it out as a Low Value Change.]

#### 2 Authority Change Notice

An Authority Change Notice for a Low Value Change must:

- 2.1 state that it relates to a Low Value Change;
- 2.2 contain a description of the works and/or the change to the Works and/or the Services that the Authority requires including, if relevant, the applicable type of Low Value Change listed in the Catalogue; and
- 2.3 if there is no applicable type of change listed in the Catalogue, specify the time period within which the Authority requires the Change to be implemented.

#### 3 Project Co Response and Authority Confirmation

Within five (5) Business Days of receipt of an Authority Change Notice for a Low Value Change, Project Co must notify the Authority of:

- 3.1 the cost of implementing the required Low Value Change; and
- 3.2 the time period for implementing the Low Value Change,

in each case in accordance with paragraph [ REF \_Ref321413573 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*).

#### 4 **Cost and Timing**

- 4.1 If the Low Value Change is of a type listed in the Catalogue, the cost of carrying out that Low Value Change shall not exceed the relevant Catalogue Price and the time period for implementing the Low Value Change shall not exceed the relevant time specified in the Catalogue.
- 4.2 If the Low Value Change is not of a type that is listed in the Catalogue, the cost of carrying out that Low Value Change shall be calculated on the basis that:
  - 4.2.1 wherever practicable the Low Value Change will be carried out by an [existing on-site and] suitably qualified employee of Project Co or a Project Co Party and in that case Project Co may not charge for labour. Where there is no such suitably qualified on-site employee reasonably available to carry out the Low Value Change, the cost of the labour element will be calculated in accordance with the Small Works and Services Rates or, where such rates are not applicable, in accordance with rates which are fair and reasonable; and
  - 4.2.2 the materials element will be charged at the cost of materials to Project Co or to the Project Co Party carrying out the work (net of all discounts) and there shall be no management fee, margin, overhead, contingency or other cost applied in relation thereto.
- 4.3 Other than the costs referred to in paragraphs [ REF \_Ref321413653 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321413690 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) Project Co may not charge the Authority for processing, implementing or managing a Low Value Change.

#### 5 **Authority objection**

The Authority may object in writing within five (5) Business Days of receipt of Project Co's notice pursuant to paragraph [ REF \_Ref321411837 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*), to any part of that notice and in that event the parties shall act reasonably to endeavour to agree as soon as practicable how the Low Value Change is to be implemented, which may include the Authority withdrawing the Authority Notice of Change.

#### 6 **Implementation**

6.1 Project Co must implement a required Low Value Change so as to minimise any inconvenience to the Authority and, subject to paragraph [ REF \_Ref321413767 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*), within the timescale specified in the notice given by Project Co pursuant to paragraph [ REF \_Ref321411837 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) (or agreed by the parties pursuant to paragraph [ REF \_Ref321413740 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*)).

6.2 Project Co shall notify the Authority when it considers that the Low Value Change has been completed.

6.3 If Project Co:

6.3.1 fails to give a notice to the Authority in accordance with paragraph [ REF \_Ref321411837 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) within fifteen (15) Business Days of the date of the Authority Change Notice; or

6.3.2 gives a notice pursuant to paragraph [ REF \_Ref321411837 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) to which the Authority has objected pursuant to paragraph [ REF \_Ref321413740 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) on any ground other than the cost of the Low Value Change, the parties have not reached agreement as to how the Low Value Change is to be implemented and the objection has not been referred to the Dispute Resolution Procedure; or

6.3.3 gives a notice pursuant to paragraph [ REF \_Ref321411837 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) to which the Authority does not object pursuant to paragraph [ REF \_Ref321413740 \w \h \\* MERGEFORMAT ] but then fails to fully implement the Low Value Change within ten (10) Business Days after the timescale specified in that notice or agreed in accordance with paragraph [ REF \_Ref321413740 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*),

then, subject to paragraph [ REF \_Ref321413818 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*), the Authority may notify Project Co that the Low Value Change Notice is withdrawn and, following such notification, may procure the implementation of the Low Value Change without further recourse to Project Co, but the Authority must ensure that the Low Value Change is carried out in accordance with Good Industry Practice and to the standards that would have applied to Project Co if it had implemented the Low Value Change.

## 7 Payment

Unless the Authority notifies Project Co within five (5) Business Days of receipt of a notice from Project Co pursuant to paragraph [ REF \_Ref321413843 \w \h \\* MERGEFORMAT ] above that the Low Value Change has not been implemented to its reasonable satisfaction:

- 7.1 Project Co shall, where the Low Value Change is implemented prior to the Operational Term, issue an invoice in respect of the costs of the Low Value Change, which the Authority must pay within 20 Business Days of receipt; or
- 7.2 Project Co shall, where the Low Value Change is implemented during the Operational Term, include the costs of the Low Value Change in the next Monthly Invoice submitted pursuant to Clause [ REF \_Ref321242719 \w \h \\* MERGEFORMAT ] of this Agreement following completion or implementation of the relevant Low Value Change and the amounts payable for the Low Value Changes shall be invoiced and paid in accordance with the procedure described in Clause [ REF \_Ref321319960 \w \h \\* MERGEFORMAT ] of this Agreement.

## 8 Update of Catalogue and Small Works and Services Rates

- 8.1 From the Commencement Date the Catalogue shall be that set out in Part [ REF SchedulePart16Appendix1Part1 \h \\* MERGEFORMAT ] of Appendix [ REF SchedulePart16Appendix1Part1 \h \\* MERGEFORMAT ] to this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) and the Small Works and Services Rates shall be those set out in Part 2 of Appendix [ REF SchedulePart16Appendix1Part1 \h \\* MERGEFORMAT ] to this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*).
- 8.2 Subject to paragraph [ REF \_Ref321413861 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*), the unit prices and the Small Works and Services Rates set out in the Catalogue and the Small Works and Services Rates shall be indexed on each anniversary of the Commencement Date for the change in RPI since the Commencement Date or, after the first Catalogue Review Date, since the most recent Catalogue Review Date.
- 8.3 On the date which is twenty (20) Business Days before each Catalogue Review Date, Project Co must provide the Authority with:
  - 8.3.1 a revised and updated Catalogue which:
    - (a) includes in the Catalogue unit prices for any types of Low Value Changes which have occurred and which the parties consider are reasonably likely to reoccur during the life of the Project and any other types of Low Value Changes as the parties may agree; and
    - (b) includes time periods for the carrying out of each listed type of Low Value Change; and
  - 8.3.2 updated Small Works and Services Rates.



The unit prices and Small Works and Services Rates will be for the ensuing three-year period following the Catalogue Review Date. The unit prices must represent good value for money having regard to:

- (a) prices prevailing for similar items in the market at the time; and
- (b) paragraph [ REF \_Ref321413690 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*).

The Small Works and Services Rates must provide value for money with reference to rates prevailing for similar services in the market at the time.

8.4 Within ten (10) Business Days of the submission by Project Co of the revised and updated Catalogue and Small Works and Services Rates pursuant to paragraph [ REF \_Ref321413861 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*), the Authority shall confirm in writing whether or not it agrees that the revised and the updated Catalogue shall constitute the Catalogue and the updated Small Works and Services Rates shall constitute the Small Works and Services Rates for the purposes of this Agreement from the relevant Catalogue Review Date;

8.5 If the Authority does not confirm to Project Co that it agrees with the revised and updated Catalogue and/or Small Works and Services Rates provided by Project Co pursuant to paragraph [ REF \_Ref321413861 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*), the parties shall meet and endeavour, in good faith, to agree any amendments to the Catalogue and/or Small Works and Services Rates. Any dispute in relation to this paragraph [ REF \_Ref321413122 \w \h \\* MERGEFORMAT ] may be referred by either party to the Dispute Resolution Procedure. The revised and updated Catalogue and revised and updated Small Works and Services Rates with such amendments as are agreed by the parties or determined under the Dispute Resolution Procedure shall constitute the Catalogue and the Small Works and Services Rates for the purposes of this Agreement from the relevant Catalogue Review Date.

## 9 Documentation and Monitoring

9.1 No due diligence (whether funder, legal, technical, insurance or financial) shall be required in relation to Low Value Changes unless otherwise agreed between the parties.

9.2 No changes shall be made to this Agreement or any Project Document as a result of a Low Value Change, unless otherwise agreed between the parties.

9.3 Where it is agreed that an adjustment of the Annual Service Payment is required in respect of a Low Value Change, the Financial Model shall be adjusted to give effect to such Low Value Changes once each Contract Year on a date to be agreed between the parties and all relevant Low Value Changes that have occurred since the preceding such adjustment shall be aggregated together into a

single cumulative adjustment in accordance with Section [ REF SchedulePart16Section6 \h \\* MERGEFORMAT ] (*Changing the Financial Model*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*).

- 9.4 Project Co shall keep a record of all Low Value Changes processed, completed and outstanding and shall provide the Authority with a copy of that record whenever reasonably required by the Authority.

## 10 Disputes

- 10.1 Any dispute concerning any matter referred to in this Section [ REF SchedulePart16Section2 \h \\* MERGEFORMAT ] (*Low Value Changes*) may be referred by either party to the Dispute Resolution Procedure.
- 10.2 Project Co shall not be obliged to implement the Low Value Change until any dispute has been determined except that where such dispute concerns only the cost of a Low Value Change, unless the Authority otherwise directs, Project Co must continue to carry out or implement the Low Value Change within the prescribed timescale notwithstanding the dispute.
- 10.3 The Authority is not entitled to withdraw an Authority Change Notice and procure implementation of a Low Value Change in respect of which there is a dispute that has been referred to the Dispute Resolution Procedure, unless that dispute has been determined in its favour and Project Co has not confirmed to the Authority in writing within five (5) Business Days of the date of the determination that it will implement and carry out the Low Value Change in accordance with the determination.

## SECTION 3

### MEDIUM VALUE CHANGES

#### 1 Medium Value Changes

- 1.1 If the Authority requires a Medium Value Change, it must serve an Authority Change Notice on Project Co in accordance with paragraph [ REF\_Ref321414011 \w \h \\* MERGEFORMAT ] (*Medium Value Change Notice*) of this Section [ REF\_SchedulePart16Section3 \h \\* MERGEFORMAT ] (Medium Value Changes).
- 1.2 Project Co shall be entitled to refuse a Medium Value Change that:
- 1.2.1 requires the Works and/or the Services to be performed in a way that infringes any law or is inconsistent with Good Industry Practice;
  - 1.2.2 would cause any Necessary Consent to be revoked (or would require a new consent to be obtained or any existing Necessary Consent to be amended which, after using reasonable efforts, Project Co has been unable to obtain);
  - 1.2.3 would materially and adversely affect Project Co's ability to deliver the Works and/or the Services (except those Works and/or Services which have been specified as requiring to be amended in the Authority Change Notice) in a manner not compensated for pursuant to this Section [ REF\_SchedulePart16Section3 \h \\* MERGEFORMAT ] (*Medium Value Changes*);
  - 1.2.4 would materially and adversely affect the health and safety of any person;
  - 1.2.5 would, if implemented, materially and adversely change the nature of the Project (including its risk profile); or
  - 1.2.6 the Authority does not have the legal power or capacity to require implementation of.

#### 2 Medium Value Change Notice

- 2.1 An Authority Change Notice for a Medium Value Change must:
- 2.1.1 state that it refers to a Medium Value Change;
  - 2.1.2 set out the change in the Works or Services or the additional works or services required in sufficient detail to enable Project Co to calculate and

provide the Estimated Change in Project Costs in accordance with paragraph [ REF \_Ref321412359 \w \h \\* MERGEFORMAT ] (*Contractor's Estimate*) of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] (*Medium Value Changes*);

- 2.1.3 set out whether, in respect of any additional facilities, Project Co is expected to provide [facilities management services and lifecycle maintenance services] in respect of such additional facilities; and
  - 2.1.4 set out the timing of the additional works or services required by the Authority.
- 2.2 Within fifteen (15) Business Days of receipt of the Medium Value Change Notice, Project Co must notify the Authority in writing:
- 2.2.1 whether it considers that it is entitled to refuse the Medium Value Change on any of the grounds set out in paragraphs [ REF \_Ref321414131 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321414145 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ];
  - 2.2.2 when it will provide the Estimate to the Authority bearing in mind the requirement in paragraph [ REF \_Ref321414163 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ]; and
  - 2.2.3 its estimate of the Third Party Costs that it will incur to prepare the Estimate.
- 2.3 If Project Co notifies the Authority that it considers that it is entitled to refuse the Medium Value Change on one or more of the grounds set out in paragraphs [ REF \_Ref321414131 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321414145 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ], then unless the parties otherwise agree, the Authority shall be deemed to have withdrawn the Authority Notice of Change if it has not referred the matter to the Dispute Resolution Procedure within [twenty (20)] Business Days of receipt of Project Co's notice.
- 2.4 If the Authority considers that Project Co's proposed time for providing the Estimate is not reasonable, the parties shall endeavour to agree the time, failing which the matter may be referred to the Dispute Resolution Procedure.
- 2.5 If the Authority considers that the Project Co's estimate of Third Party Costs to prepare the Estimate is not reasonable, the parties shall endeavour to agree the same, failing which the matter may be referred to the Dispute Resolution Procedure.
- 2.6 If any matter is referred to the Dispute Resolution Procedure pursuant to paragraph [ REF \_Ref321414011 \w \h \\* MERGEFORMAT ] (*Medium Value*

*Change Notice*) of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] (*Medium Value Changes*), the time for Project Co to provide the Estimate shall be counted from the date of determination of that dispute if the dispute is determined in Project Co's favour.

### 3 **Contractor's Estimate**

As soon as reasonably practicable and in any event within the time period agreed or determined pursuant to paragraph [ REF \_Ref321414246 \w \h ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ], Project Co shall deliver to the Authority the Estimate.

The Estimate must contain:

- 3.1 a detailed timetable for implementation of the Medium Value Change;
- 3.2 any requirement for relief from compliance with obligations, including the obligations of Project Co to achieve the Actual Completion Date [an Actual Phase Completion Date] by the Completion Date [relevant Phase Completion Date] and to meet the requirements set out in the Authority's Construction Requirements and/or the Service Level Specification during the implementation of the Medium Value Change;
- 3.3 an outline of the proposed design solution and design, including an appropriate analysis/risk appraisal and, to the extent relevant, the impact on whole life costings;
- 3.4 any impact on the provision of the Works and/or the Services;
- 3.5 a value for money justification for any proposed change to the quality of the works or the services comprised in the Medium Value Change as compared to the Works and the Services;
- 3.6 any amendment required to this Agreement and/or any Project Document as a result of the Medium Value Change;
- 3.7 any Estimated Change in Project Costs that results from the Medium Value Change;
- 3.8 any Capital Expenditure that is required or no longer required as a result of the Medium Value Change;
- 3.9 amendments to existing Necessary Consents that are required;
- 3.10 a payment schedule for any Capital Expenditure required to implement the Change, based on milestones where relevant;

- 3.11 costs and details of (i) any other approvals required and/or due diligence permitted pursuant to paragraph [ REF \_Ref321414266 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] (*Medium Value Changes*); and (ii) any Third Party Costs;
- 3.12 the method of implementation and the proposed method of certification of any construction aspects of the Medium Value Change, if not covered by the procedures specified in Clause [ REF \_Ref321319966 \w \h \\* MERGEFORMAT ] (*Programme and Dates for Completion*); and
- 3.13 any other information requested by the Authority in the Authority Change Notice.

together the "Estimate"

#### 4 Costing of the Estimate

In calculating the Estimated Change in Project Costs and/or the Capital Expenditure for the purposes of the Estimate, Project Co shall apply the following principles wherever applicable:

- 4.1 unless the Authority's requirements for the Medium Value Change specify a different quality as compared to the Works:
  - 4.1.1 the unit cost of any construction or installation works or associated preliminaries (excluding any temporary or demolition works, professional fees, contingencies, overheads and profit margins) required to implement the Medium Value Change is the equivalent unit rate set out in Part [ REF SchedulePart16Appendix1Part1 \h \\* MERGEFORMAT ] (*Unit Cost for Construction or Installation Costs*) of Appendix [ REF SchedulePart16Appendix2 \h \\* MERGEFORMAT ] of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*), uplifted using the DTI Pubsec index for construction cost inflation in the period between the Commencement Date and the date the Medium Value Change is to be commenced;
  - 4.1.2 any lifecycle replacement and maintenance associated with additional works (or changes to the Works) are consistent with the lifecycle and maintenance profile of the Facilities envisaged in Section [ REF SchedulePart6Section4 \h \\* MERGEFORMAT ] (*Project Co's Proposals*) of Schedule Part [ REF SchedulePart6 \h \\* MERGEFORMAT ] (*Construction Matters*) including (without limitation) in terms of the replacement cycles for equipment, provided that Project Co must reflect improvements in technology that can optimise Whole Life Costs for the Authority; and
  - 4.1.3 the unit costs to be applied to the pricing of lifecycle replacement and maintenance is the equivalent unit rate set out in Part 2 (*Unit Costs of Lifecycle Maintenance*) of Appendix [ REF SchedulePart16Appendix2 \h \\* MERGEFORMAT ] of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) (index linked);

- 4.2 any professional fees, contingencies, overheads and/or profit margins to be charged by any consultant, sub-contractor or supplier in respect of construction and/or installation and/or lifecycle and/or service provision for the Medium Value Change are the equivalent rates set out in Part [ REF SchedulePart16Appendix2Part3 \h \\* MERGEFORMAT ] (*Consultant, Sub-contractor or Supplier Fees*) of Appendix [ REF SchedulePart16Appendix2 \h \\* MERGEFORMAT ] of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*), or if the professional fees, contingencies, overheads and profit margins being charged by consultants, sub-contractors and/or suppliers in current market conditions have changed significantly from those set out in Part [ REF SchedulePart16Appendix2Part3 \h \\* MERGEFORMAT ] (*Consultant, Sub-contractor or Supplier Fees*) of Appendix [ REF SchedulePart16Appendix2 \h \\* MERGEFORMAT ] of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*), such other rates as the parties agree or failing agreement as may be determined under the Dispute Resolution Procedure as being consistent with those charged in current market conditions;
- 4.3 unless the Authority's requirements for the Medium Value Change specify a different quality than required by the Service Level Specification, the unit cost of any extension of, or change to, any Service (either in scope or area), taking into account the capacity of existing labour resources, is consistent with the equivalent unit rate set out in Part [ REF SchedulePart16Appendix2Part4 \h \\* MERGEFORMAT ] of Appendix [ REF SchedulePart16Appendix2 \h \\* MERGEFORMAT ] to this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*);
- 4.4 other than as referred to in paragraphs [ REF \_Ref321414550 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321414572 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] (*Medium Value Changes*) no charge shall be made in respect of Project Co's time, or that of any Project Co Party spent processing, managing or monitoring the Medium Value Change (and no additional mark up or management fee shall be applied by Project Co); and
- 4.5 where aspects of the Medium Value Change are not addressed by paragraphs [ REF \_Ref321414550 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321414601 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] (*Medium Value Changes*), they shall be costed on a fair and reasonable basis reflecting the then current market rates.

## 5 Standards of provision of the Estimate

In providing the Estimate Project Co must:

- 5.1 use reasonable endeavours to oblige its Sub-Contractors to minimise any increase in costs and maximise any reduction in costs;
- 5.2 demonstrate how any Capital Expenditure to be incurred or avoided is being measured in a cost effective manner, including showing that when such expenditure is incurred, reasonably foreseeable Changes in Law at that time have been taken into account; and

- 5.3 demonstrate that any expenditure that has been avoided, which was anticipated to be incurred to replace or maintain assets that have been affected by the Medium Value Change concerned, has been taken into account in the amount which in its opinion has resulted or is required under paragraphs [ REF \_Ref321414671 \w \h \\* MERGEFORMAT ] and/or [ REF \_Ref321414689 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ]; and
- 5.4 provide written evidence of Project Co's compliance with paragraphs [ REF \_Ref321414706 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321414720 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ].

## 6 Determination of the Estimate

As soon as practicable after the Authority receives the Estimate, the parties shall discuss and endeavour to agree the contents of the Estimate. If the parties cannot agree on the contents of the Estimate, the matter may be referred by either party to the Dispute Resolution Procedure to determine if the Estimate represents a fair and reasonable approach to implementing the Medium Value Change in all respects.

## 7 Confirmation or Withdrawal of the Medium Value Change Notice

- 7.1 As soon as practicable after the contents of the Estimate have been agreed or otherwise determined pursuant to paragraph [ REF \_Ref321414757 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ], the Authority shall:
- 7.1.1 confirm in writing to Project Co the Estimate (as modified); or
  - 7.1.2 withdraw the Authority Change Notice.
- 7.2 If, in any Contract Year, the Authority has either not confirmed an Estimate (as modified, if applicable) within twenty (20) Business Days of the contents of the Estimate having been agreed or determined in accordance with the foregoing provisions of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] or has withdrawn an Authority Change Notice for a Medium Value Change on three or more occasions, then the Authority shall pay to Project Co on the third and each subsequent such occasion in that Contract Year the reasonable additional Third Party Costs incurred by Project Co in preparing the Estimate provided that:
- 7.2.1 Project Co has used all reasonable endeavours to submit a reasonably priced Estimate; and
  - 7.2.2 Project Co made available to the Authority, with the Estimate, a cost break down of Third Party Costs incurred by Project Co to prepare the Estimate, which shall be consistent with the estimate of such costs approved by the Authority pursuant to paragraph [ REF \_Ref321414773



\w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ].

## 8 Implementation of the Medium Value Change

8.1 When the Authority has confirmed the Estimate in accordance with paragraph [ REF \_Ref321414791 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ], Project Co shall, subject to Project Co obtaining all new or amended Necessary Consents that are required and have not already been obtained, implement the required Medium Value Change in accordance with the Estimate. Where an extension of time has been agreed as part of the Estimate the Completion Date [relevant Phase Completion Dates] shall be extended as agreed in the Estimate.

8.2 Project Co shall notify the Authority when it considers that the Medium Value Change has been completed.

8.3 If:

8.3.1 Project Co fails to provide a response pursuant to paragraph [ REF \_Ref327456968 \r \h ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] within fifteen (15) Business Days of the date of the Medium Value Change Notice; or

8.3.2 Project Co fails to provide an Estimate in accordance with paragraph [ REF \_Ref321412359 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ]; or

8.3.3 the Authority has confirmed an Estimate but Project Co fails to fully implement the Medium Value Change within [ten (10)] Business Days after the expiry of the time for implementing the Medium Value Change set out in the Estimate Low Value Change (as such time may be extended for any delay that is, or is equivalent to, a Delay Event);

then, subject to paragraph [ REF \_Ref321414849 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ], the Authority may notify Project Co that the Medium Value Change Notice is withdrawn and, following such notification, may procure the implementation of the Medium Value Change without further recourse to Project Co, but the Authority must ensure that the Medium Value Change is carried out in accordance with Good Industry Practice and to the standards that would have applied to Project Co if it had implemented the Medium Value Change.

## 9 Certification of the Medium Value Change

9.1 Where the Medium Value Change is implemented at the Facilities before the Actual Completion Date [relevant Phase Actual Completion Date], the procedure set out at Clause [ REF \_Ref321320583 \w \h \\* MERGEFORMAT ] (*Pre-*

*Completion Commissioning and Completion*) shall apply to the Medium Value Change at the same time as it applies to the original Works.

- 9.2 Where the Medium Value Change is implemented at the Facilities after the Actual Completion Date [Phase Actual Completion Date], and constitutes additional works, the procedure set out and agreed in the Estimate for certifying the completion of the Medium Value Change shall apply to determine whether the Medium Value Change has been completed appropriately.

## 10 Method of Payment of Authority Contribution

- 10.1 Project Co shall invoice the Authority for Capital Expenditure incurred by Project Co to implement a Medium Value Change according to the payment schedule set out in the Estimate as referred to in paragraph [ REF \_Ref321414872 \w \h \\* MERGEFORMAT ].
- 10.2 The Authority shall make a payment to Project Co within fifteen (15) Business Days of receipt by the Authority of invoices presented to the Authority (complete in all material respects) in accordance with paragraph [ REF \_Ref321414893 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] accompanied by the relevant evidence (where applicable) that the relevant part of the Medium Value Change has been carried out.

## 11 Adjustment to Annual Service Payment

Any adjustment to the Annual Service Payment that is necessary due to the implementation of a Medium Value Change shall be calculated in accordance with Section [ REF SchedulePart16Section6 \h \\* MERGEFORMAT ] of this Schedule Part [ REF SchedulePart16 \h ] (*Change Protocol*).

## 12 Due Diligence

- 12.1 Project Co shall procure that the Senior Lenders shall not:
- 12.1.1 (in any event) withhold or delay any consents that are required pursuant to the Senior Financing Agreements to a Medium Value Change other than on the basis that the Senior Lenders, acting pursuant to the terms of the Senior Financing Agreements, reasonably believe that one or more of the circumstances set out in paragraphs [ REF \_Ref321414131 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321414145 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] apply; or
- 12.1.2 carry out any due diligence (whether funder, legal, technical, insurance or financial) in relation to the carrying out of any Medium Value Change unless either (i) the Medium Value Change in question would result in an adjustment to the Annual Service Payment that, on a full year basis, is in excess of one percent (1%) of the Annual Service Payment in the relevant Contract Year or (ii) the Senior Lenders, acting pursuant to the

terms of the Senior Financing Agreements, reasonably believe that one or more of the circumstances set out in paragraphs [ REF \_Ref321414131 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321414145 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] apply.

12.2 Where not prohibited by paragraph [ REF \_Ref321414976 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ], the Senior Lenders may carry out legal, financial, insurance and/or technical due diligence on any proposal for a Medium Value Change. In the event that such due diligence is permitted and required, the parties shall agree a budget for the due diligence not exceeding 5% of the overall value of the Medium Value Change in question unless the parties (acting reasonably) agree otherwise. Any costs incurred by Project Co as a result of the Senior Lenders due diligence shall be reimbursed by the Authority following agreement or determination of the contents of the Estimate within ten (10) Business Days of Project Co submitting an invoice for and evidence of such costs, subject to the invoices being in accordance with the agreed budget.

12.3 It is acknowledged that Changes (particularly where they involve a change to the Works or the Facilities) may require authorisation from the insurers under the Required Insurances. Project Co shall notify the relevant insurance broker immediately upon any material Medium Value Change being agreed (materiality being judged in relation to the size and nature of the scope of the Medium Value Change).

### 13 **Project Documentation**

13.1 Unless the parties otherwise agree, no changes to the Project Documents shall be made as a result of a Medium Value Change.

13.2 Project Co shall, no later than one (1) month following completion of a Medium Value Change, update the as-built drawings and the operating and maintenance manuals as necessary to reflect the Medium Value Change.

### 14 **Disputes**

14.1 Any dispute concerning any matter referred to in this Section [ REF SchedulePart16Section3 \h \\* MERGEFORMAT ] may be referred by either party to the Dispute Resolution Procedure.

14.2 Project Co shall not be obliged to implement the Medium Value Change until the dispute has been determined.

14.3 The Authority is not entitled to withdraw an Authority Change Notice and procure implementation of a Medium Value Change in respect of which there is a dispute that has been referred to the Dispute Resolution Procedure, unless that dispute has been determined in its favour and Project Co has not confirmed to the Authority in writing within five (5) Business Days of the date of the determination

that it will implement and carry out the Medium Value Change in accordance with the determination.

## SECTION 4

### HIGH VALUE CHANGES

#### 1 High Value Changes

- 1.1 If the Authority requires a High Value Change it must serve an Authority Change Notice on Project Co in accordance with paragraph [ REF\_Ref321415068 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*).
- 1.2 Project Co shall be entitled to refuse a High Value Change that:
- 1.2.1 requires the Works and/or the Services to be performed in a way that infringes any law or is inconsistent with Good Industry Practice;
  - 1.2.2 would cause any Necessary Consent to be revoked (or would require a new consent to be obtained to implement the relevant change in the Works and/or the Services which, after using reasonable efforts, Project Co has been unable to obtain);
  - 1.2.3 would materially and adversely affect Project Co's ability to deliver the Works and/or the Services (except those Works and/or Services which have been specified as requiring to be amended in the High Value Change Notice) in a manner not compensated pursuant to this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*);
  - 1.2.4 would materially and adversely affect the health and safety of any person;
  - 1.2.5 would, if implemented, materially and adversely change the nature of the Project (including its risk profile);
  - 1.2.6 is the subject of a High Value Change Notice that cannot reasonably be complied with;
  - 1.2.7 the Authority does not have the legal power or capacity to require implementation of; or
  - 1.2.8 would if implemented adversely affect the enforceability or priority of the security held by or on behalf of the existing Senior Lenders.

#### 2 High Value Change Notice

- 2.1 An Authority Change Notice for a High Value Change must:
- 2.1.1 state that it refers to a High Value Change;
  - 2.1.2 set out the maximum available capital and/or revenue the Authority is able to commit to that High Value Change (the “**Target Cost**”);
  - 2.1.3 identify any requirements of the Authority that must be satisfied as part of the High Value Change Proposal (the “**High Value Change Requirements**”); and
  - 2.1.4 identify how the Authority will assess whether the High Value Change Stage 2 Submission offers it value for money.
- 2.2 The parties may agree written protocols with express reference to this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) which explain or clarify any aspects of the High Value Change approval procedure set out in this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) and such protocols shall be read as if incorporated into this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) (including accelerated procedures with reduced requirements for High Value Changes of relatively low values).
- 2.3 The parties must:
- 2.3.1 within five (5) Business Days of receipt by Project Co of any High Value Change Notice, discuss and review the nature of the High Value Change, including a discussion as to which of the items set out in paragraph [ REF \_Ref321412493 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) are appropriate to be included within the High Value Change Proposal; and
  - 2.3.2 within five (5) Business Days of a High Value Change Proposal becoming a Stage 1 Approved Project, discuss and review the nature of the Stage 1 Approved Project, including a discussion as to which of the items set out in paragraph [ REF \_Ref321414572 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) are appropriate to be included within the High Value Change Stage 2 Submission.

### 3 High Value Change Proposal

- 3.1 Project Co must notify the Authority in writing as soon as practicable and in any event within fifteen (15) Business Days after having received the Authority Change Notice for a High Value Change if it considers that any of the circumstances set out in paragraphs [ REF \_Ref321415187 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321415252 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) apply. If

no such notice is served, Project Co must (within thirty (30) Business Days after having received the Authority Change Notice) either:

- 3.1.1 submit a High Value Change Proposal to the Authority; or
  - 3.1.2 notify the Authority as to when the High Value Change Proposal will be provided to it (provided that Project Co shall use all reasonable endeavours to obtain all the information that it requires, expeditiously).
- 3.2 If Project Co notifies the Authority that it considers that one or more of the grounds set out in paragraphs [ REF \_Ref321415187 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321415252 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) apply, then unless the parties otherwise agree, the Authority shall be deemed to have withdrawn the Authority Notice of Change if it has not referred the matter to the Dispute Resolution Procedure within [twenty (20)] Business Days of receipt of Project Co's notice. If the matter is referred to the Dispute Resolution Procedure the time for Project Co to provide the High Value Change Proposal shall be counted from the date of determination of that dispute if the dispute is determined in Project Co's favour.
- 3.3 If the Authority considers that Project Co's proposed time for providing the High Value Change Proposal is not reasonable, the parties shall endeavour to agree the time, failing which the matter may be referred to the Dispute Resolution Procedure.
- 3.4 Unless Project Co has submitted a High Value Change Proposal in accordance with paragraph [ REF \_Ref326330497 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*), Project Co must deliver to the Authority the High Value Change Proposal as soon as reasonably practicable and in any event within the time period agreed or determined pursuant to paragraph [ REF \_Ref321415343 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*). Unless the parties agree otherwise, a High Value Change Proposal will contain at least the following information in sufficient detail to enable the Authority to make an informed decision under paragraph [ REF \_Ref321415356 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*):
- 3.4.1 a description of the High Value Change, with evidence of how the High Value Change meets the High Value Change Requirements;
  - 3.4.2 an outline of the proposed building solution and design including an appropriate analysis/risk appraisal of, in each case to the extent relevant (if at all), the preferred investment solution contemplated in terms of new build, refurbishment, whole life costings;
  - 3.4.3 the Change Management Fee for the High Value Change, which shall be a capped fee calculated in accordance with paragraph [ REF \_Ref321415397 \w \h \\* MERGEFORMAT ] of this Section [ REF

SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*);

- 3.4.4 details of the third party activity likely to be required by Project Co in developing a High Value Change Stage 2 Submission together with a budget (or budgets) for relative Third Party Costs;
- 3.4.5 an estimated programme for submission of the High Value Change Stage 2 Submission and for the implementation of the High Value Change;
- 3.4.6 any requirement for relief from compliance with obligations, including the obligations of Project Co to achieve the Actual Completion Date [Phase Actual Completion Date] by the Completion Date [relevant Phase Completion Date] and meet the requirements set out in the Authority's Construction Requirements and/or the Service Level Specification during the implementation of the High Value Change;
- 3.4.7 any impact on the provision of the Works and/or the Services;
- 3.4.8 any amendment required to this Agreement and/or any Project Document as a result of the High Value Change;
- 3.4.9 any Estimated Change in Project Costs that results from the High Value Change;
- 3.4.10 an outline of how Project Co proposes to finance any Capital Expenditure required for the High Value Change;
- 3.4.11 Project Co's suggested payment schedule for any Capital Expenditure to be incurred in implementing the Change that is to be borne by the Authority, based on milestones where relevant;
- 3.4.12 any new Necessary Consents and/or any amendments to existing Necessary Consents which are required;
- 3.4.13 costs and details of any other approvals required or due diligence permitted pursuant to paragraph [ REF \_Ref321415433 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*);
- 3.4.14 the proposed method of certification of any construction or operational aspects of the Works or the Services required by the proposed High Value Change if not covered by the procedures specified in Clause [ REF \_Ref321319974 \w \h \\* MERGEFORMAT ] (*Pre-Commissioning and Completion*); and



- 3.4.15 a value for money assessment explaining why Project Co's proposals represent value for money taking into account both the proposed Capital Cost and Whole Life Cost.

### 3.5 **Liaison between Project Co, the Authority and relevant end users**

In developing a High Value Change Proposal Project Co must liaise with the Authority and relevant end users (being such persons or organisations as Project Co in consultation with the Authority considers appropriate). The Authority must provide Project Co with such information about its requirements as Project Co reasonably requires and must assist Project Co in the review of any draft designs in relation to the High Value Change Proposal. Any and all information and other input or feedback provided by the Authority to Project Co, unless expressly stated otherwise by the Authority, will be without warranty and will be provided without prejudice to the Authority's rights under this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*).

### 3.6 **Consideration of a High Value Change Proposal by the Authority**

The Authority will consider in good faith each High Value Change Proposal put forward by Project Co and the Authority will not unreasonably withhold or delay its consent to a High Value Change Proposal. If, acting reasonably, the Authority finds that any material aspects of the High Value Change Proposal are unsatisfactory to it, it shall notify Project Co of the same and offer reasonable assistance to Project Co to enable it to revise and resubmit the High Value Change Proposal as soon as reasonably practicable.

### 3.7 **Authority response to a High Value Change Proposal**

If the Authority approves a High Value Change Proposal (including any revised High Value Change Proposal resubmitted pursuant to paragraph [ REF \_Ref321415484 \w \h ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*)), then it shall be a "**Stage 1 Approved Project**" or be referred to as having received "**Stage 1 Approval**", as the context requires.

### 3.8 **Project Co not entitled to dispute non-approval**

Project Co shall not be entitled to refer any dispute concerning the Authority's failure to approve a High Value Change Proposal to the Dispute Resolution Procedure.

## 4 **Stage 2 Submission**

### 4.1 **Development of a High Value Change Stage 2 Submission**

- 4.1.1 Within ten (10) Business Days of a High Value Change Proposal having become a Stage 1 Approved Project, the parties shall seek to agree the time period within which Project Co must develop the Stage 1 Approved Project into a detailed submission (the "**High Value Change Stage 2 Submission**"). If the parties are unable to agree a reasonable time

period for such submission any dispute may be referred to the Dispute Resolution Procedure.

- 4.1.2 Following agreement or determination of what is an appropriate time period for submission by Project Co of the High Value Change Stage 2 Submission pursuant to paragraph [ REF \_Ref321412647 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*), Project Co shall proceed regularly and diligently to produce and submit the same to the Authority within the agreed or determined time period.

#### **4.2 Liaison between Project Co, the Authority and relevant end users**

In developing a High Value Change Stage 2 Submission Project Co must continue to liaise with the Authority and relevant end users (being such persons or organisations as the Authority in consultation with Project Co considers appropriate). The Authority must provide Project Co with such information as to its requirements as is reasonably necessary to enable Project Co to submit a full and complete High Value Change Stage 2 Submission and any such other information as Project Co may reasonably require and must assist Project Co in the review of any draft designs in relation to the Stage 1 Approved Project and in the development of other aspects of the High Value Change Stage 2 Submission (but not where this would involve the Authority incurring additional material expense). Any and all information and other input or feedback provided by the Authority to Project Co will be without warranty and will be provided without prejudice to the Authority's rights under this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*).

#### **4.3 Content requirements in relation to a High Value Change Stage 2 Submission**

Save where the parties agree otherwise, in relation to the relevant Stage 1 Approved Project, Project Co shall procure that a High Value Change Stage 2 Submission includes (but not be limited to):

- 4.3.1 draft(s) of the relevant Project Document(s) identifying (if relevant) any material changes or amendments proposed in respect of the relevant Stage 1 Approved Project, together with the reasons for any such changes or amendments proposed and including full details of which provisions of the relevant Project Documents will apply to the High Value Change so that it is implemented in equivalent manner and to an equivalent standard as required in respect of the Works and/or Services as appropriate;
- 4.3.2 detailed design solutions (to RIBA Level D);
- 4.3.3 appropriate plans and drawings;
- 4.3.4 relevant detailed planning permissions and any other relevant planning approvals and Necessary Consents (or such lesser confirmation or information in relation to planning as may be agreed with the Authority);

- 4.3.5 a proposed revised Financial Model including the detailed price estimates for the Stage 1 Approved Project;
- 4.3.6 an explanation (together with appropriate supporting evidence) as to why the High Value Change Stage 2 Submission meets the Approval Criteria (as defined in paragraph [ REF \_Ref321411502 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*));
- 4.3.7 confirmation (or details of any requested variations to (with supporting justification)) of the Change Management Fee referred in paragraph [ REF \_Ref321412760 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*);
- 4.3.8 the proposed method of certification of any construction aspects of the High Value Change, if not covered by the procedures specified in Clause [ REF \_Ref321319981 \w \h \\* MERGEFORMAT ] (*Pre-Completion Commissioning & Completion*);
- 4.3.9 a value for money assessment explaining why Project Co's proposals represent value for money taking into account both the proposed Capital Cost and Whole Life Cost;
- 4.3.10 a timetable and method statement setting out how the relevant High Value Change will be delivered, which shall include (but not be limited to) in so far as relevant:
- (a) proposals for the effective management of the building programme;
  - (b) [project specific information];
  - (c) an assessment as to the savings to be generated by the High Value Change, particularly on staff costs and lifecycle replacement and maintenance and operation of Services;
  - (d) details of the Sub-Contractors together with evidence and explanation of the value testing undertaken by Project Co in relation to the High Value Change;
  - (e) a completed risk register showing the potential risks identified in relation to the delivery of the High Value Change the occurrence of which are capable of adversely affecting the time for completion, cost and/or quality of the project, the probability of such risks occurring and a financial estimate of the most likely consequences of each risk occurring together with the prioritisation of all continuing risks and an action plan in respect of, and risk owners for, all risks prioritised as serious risks;

- 4.3.11 any surveys and investigations and associated reports that are reasonably necessary to ascertain (in relation to Changes involving the construction of additional buildings) information as to the nature, location and condition of the relevant land (including hydrological, geological, geotechnical and sub-surface conditions) together with information relating to archaeological finds, areas of archaeological, scientific or natural interest and (in relation to the refurbishment of any existing buildings) information on the condition and quality of existing structures and, in particular, the presence of any latent defects.

#### **Co-operation of the Authority**

- 4.4 The Authority will co-operate with Project Co in relation to any High Value Change Stage 2 Submission being developed by Project Co, including (without limitation) promptly providing:
- 4.4.1 written confirmation of the Target Cost and/or High Value Change Requirements and any change to such Target Cost and/or High Value Change Requirements; and
- 4.4.2 any information reasonably required by Project Co to enable it to satisfy the requirements of paragraph [ REF \_Ref321415615 \w \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*).

#### **5 Time periods for approval**

- 5.1 Each High Value Change Proposal and each High Value Change Stage 2 Submission shall be valid for a period of three (3) months from the date of its submission by Project Co.
- 5.2 If by the end of the three (3) month period referred to in paragraph [ REF \_Ref321816234 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) the Authority has not:
- 5.2.1 in relation to a High Value Change Proposal, approved or rejected that High Value Change Proposal in accordance with the procedures set out in this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*):
- (a) Project Co shall be entitled to withdraw the High Value Change Proposal; and
- (b) Project Co shall not be entitled to any costs relating to the High Value Change Proposal unless the Authority has either not responded to the High Value Change Proposal and/or is in material breach of its obligations in paragraph [ REF \_Ref321816328 \r \h \\* MERGEFORMAT ] and/or paragraph [ REF \_Ref321816609 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] in

which case paragraph [ REF \_Ref321816679 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) shall apply;

- 5.2.2 in relation to a High Value Change Stage 2 Submission, approved or rejected that High Value Change Stage 2 Submission in accordance with the procedures set out in this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) (or has not given any notification of the Authority's response to the High Value Change Stage 2 Submission or has given written notice to Project Co withdrawing or cancelling the High Value Change to which the High Value Change Stage 2 Submission relates) then the High Value Change Stage 2 Submission shall be deemed to have been improperly rejected by the Authority and paragraph [ REF \_Ref321816679 \r \h ] shall apply.

## 6 Changes to the High Value Change Requirements or Approval Criteria

- 6.1 If the High Value Change Requirements or Approval Criteria are subject to any material variation in relation to a High Value Change by the Authority after the High Value Change Proposal has been submitted then:

- 6.1.1 Project Co and the Authority shall negotiate in good faith as to the implications on the High Value Change Proposal or High Value Change Stage 2 Submission (as the case may be) and shall seek to agree changes thereto to accommodate the variation (including any change to the Target Cost and/or to the Change Management Fee);

- 6.1.2 if agreement has not been reached pursuant to paragraph [ REF \_Ref321816122 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) within twenty (20) Business Days (or such longer period as the parties may agree) then:

(a) Project Co shall be entitled by notice in writing to the Authority to withdraw the High Value Change Proposal or the High Value Change Stage 2 Submission (as the case may be) and to be paid the Incurred Change Management Fee with the Calculation Date being the date of the variation notified by the Authority; and

(b) the Authority shall not be entitled to procure the High Value Change without issuing a new Authority Change Notice for the High Value Change and complying with the procedure in this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) in relation to that High Value Change.

- 6.1.3 The Authority may, at any time, give notice in writing to Project Co that it proposes to cancel a High Value Change without completing the process set out in this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) in which case the Authority

must pay Project Co the Incurred Change Management Fee in respect of the cancelled High Value Change with the Calculation Date being the date of such notice.

## 7 Approval Criteria

- 7.1 For the purposes of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*), Approval Criteria means the criteria against which any Stage 1 Approved Project is to be judged by the Authority in determining whether it achieves Stage 2 Approval. The criteria are:
- 7.1.1 whether the costs of the Stage 1 Approved Project are within the Target Cost notified to Project Co by the Authority;
  - 7.1.2 whether it has been demonstrated that the Stage 1 Approved Project provides value for money assessed in accordance with the measures identified by the Authority in accordance with paragraph [ REF \_Ref328044895 \r \h ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*);
  - 7.1.3 whether the Authority, acting reasonably, is satisfied that the High Value Change Stage 2 Submission meets the High Value Change Requirements;
  - 7.1.4 whether any material changes or amendments to the relevant Project Document(s) as detailed pursuant to paragraph [ REF \_Ref321816899 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) are acceptable to the Authority, acting reasonably; and
  - 7.1.5 whether the High Value Change Stage 2 Submission contains all the information required pursuant to paragraph [ REF \_Ref321415615 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) (or as otherwise agreed by the parties).

## 8 Submission of the High Value Change Stage 2 Submission to the Authority and consideration of that submission by the Authority

- 8.1 The Authority will consider in good faith High Value Change Stage 2 Submissions submitted by Project Co and the Authority will not unreasonably withhold or delay its consent to a High Value Change Stage 2 Submission. The Authority is entitled to call for such reasonable information and assistance as it considers appropriate to enable it to decide whether the High Value Change Stage 2 Submission meets the Approval Criteria. Project Co must reply promptly to all such requests for further information and assistance.
- 8.2 As soon as reasonably practicable after the submission to it of a High Value Change Stage 2 Submission (including any revised High Value Change Stage 2

Submission re-submitted by Project Co) the Authority must give written notice of whether it:

8.2.1 approves the relevant Stage 1 Approved Project (in which case the Stage 1 Approved Project will be referred to as having received "**Stage 2 Approval**" or as being a "**Stage 2 Approved Project**" or an "Approved Project" as the context requires); or

8.2.2 rejects the Stage 1 Approved Project:

(a) on the ground that the High Value Change Stage 2 Submission in relation to the relevant Stage 1 Approved Project has failed to meet one or more of the Approval Criteria (except as referred to in paragraph [ REF \_Ref321817139 \r \h \\* MERGEFORMAT ][ REF \_Ref321817132 \r \h ] or paragraph [ REF \_Ref321817139 \r \h ][ REF \_Ref321817198 \r \h ]), in which case (subject to resubmission under paragraph [ REF \_Ref321817275 \r \h ]) paragraph [ REF \_Ref321817316 \r \h ] shall apply;

(b)

(i) because, as a result of any change to the Target Cost referred to in paragraph [ REF \_Ref321413456 \r \h ], the Stage 1 Approved Project is not in fact Affordable despite the High Value Change Stage 2 Submission being within the Target Cost notified by the Authority pursuant to paragraph [ REF \_Ref321413456 \r \h ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*); or

(ii) because Project Co has failed to meet one or more of the Approval Criteria and the sole reason for that failure is that any Necessary Consent identified by Project Co (in compliance with paragraph [ REF \_Ref321817666 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*)) has not been obtained; or

(iii) otherwise on grounds other than those set out in paragraphs [ REF \_Ref321817139 \r \h \\* MERGEFORMAT ][ REF \_Ref321817817 \r \h \\* MERGEFORMAT ], [ REF \_Ref321817139 \r \h \\* MERGEFORMAT ][ REF \_Ref321819200 \r \h \\* MERGEFORMAT ][ REF \_Ref321817132 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321817139 \r \h \\* MERGEFORMAT ][ REF \_Ref321819200 \r \h \\* MERGEFORMAT ][ REF \_Ref321817198 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*),

in which case paragraph [ REF \_Ref321816679 \r \h ] shall apply.

8.2.3 If the Authority rejects the High Value Change Stage 2 Submission on the grounds set out in paragraph [ REF \_Ref321817817 \r \h \\* MERGEFORMAT ] the Authority and Project Co will work together to address the reasons for such failure and attempt in good faith to produce a revised High Value Change Stage 2 Submission for Project Co to re-submit to the Authority.

8.2.4 If:

(a) a resubmitted High Value Change Stage 2 Submission is rejected by the Authority on the ground set out in paragraph [ REF \_Ref321817817 \r \h \\* MERGEFORMAT ] (subject to paragraphs [ REF \_Ref321817945 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321818817 \r \h \\* MERGEFORMAT ] (if applicable) of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*)); or

(b) no resubmission of the High Value Change Stage 2 Submission is made within 30 Business Days of the date of the notice of rejection (or such longer period as the parties may agree),

then the relevant Stage 1 Approved Project shall be treated as having been properly rejected, the provisions of paragraph [ REF \_Ref321817316 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) shall apply and neither the Authority nor Project Co will have any further obligations in relation to the relevant High Value Change referred to in the High Value Change Stage 2 Submission.

**If a High Value Change Stage 2 Submission is properly rejected by the Authority**

8.3 Where this paragraph [ REF \_Ref321817316 \r \h \\* MERGEFORMAT ] applies (as set out in paragraph [ REF \_Ref321817817 \r \h \\* MERGEFORMAT ], paragraph [ REF \_Ref321818914 \r \h \\* MERGEFORMAT ] and paragraph [ REF \_Ref321818943 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*)) the Authority shall not be required to reimburse or compensate Project Co in respect of any costs relating to the High Value Change including the Change Management Fee.

8.4 If:

8.4.1 Project Co fails to provide a response to an Authority Change Notice in accordance with paragraph [ REF \_Ref328038905 \r \h ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*); or



- 8.4.2 (where applicable) Project Co fails to provide a High Value Change Proposal in accordance with paragraph [ REF \_Ref321412493 \r \h ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*); or
- 8.4.3 Project Co fails to submit a High Value Change Stage 2 Submission in accordance with paragraph [ REF \_Ref328038980 \r \h ] of Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*); or
- 8.4.4 the Authority has validly rejected a High Value Change Stage 2 Submission in accordance with paragraph [ REF \_Ref321818975 \r \h \\* MERGEFORMAT ] and the matter has not been referred to the Dispute Resolution Procedure or any such dispute has been determined as described in paragraph [ REF \_Ref321818943 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*),

then, subject to paragraph [ REF \_Ref328039016 \r \h ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*), the Authority may notify Project Co that the High Value Change Notice is withdrawn and, following such notification, may procure the implementation of the High Value Change without further recourse to Project Co, but the Authority must ensure that the High Value Change is carried out in accordance with Good Industry Practice and to the standards that would have applied to Project Co if it had implemented the High Value Change.

**If a High Value Change Stage 2 Submission is improperly rejected by the Authority**

- 8.5 Where this paragraph [ REF \_Ref321816679 \r \h \\* MERGEFORMAT ] applies (as set out in paragraph [ REF \_Ref321819092 \r \h \\* MERGEFORMAT ], paragraph [ REF \_Ref321819146 \r \h \\* MERGEFORMAT ] paragraph [ REF \_Ref321819200 \r \h \\* MERGEFORMAT ] and paragraph [ REF \_Ref321819238 \r \h \\* MERGEFORMAT ])), the Incurred Change Management Fee and Third Party Costs incurred by Project Co to prepare the High Value Change Proposal and Stage 2 Submission, which shall be in accordance with the activities and budget referred to in paragraph [ REF \_Ref321819308 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*), in relation to the relevant High Value Change will be paid by the Authority within ten (10) Business Days of the date on which Project Co receives written notice of the rejection or the date of the deemed rejection (as the case may be) with the date of the rejection or the deemed rejection (as the case may be) being the Calculation Date for the purposes of calculating the amount of the Incurred Change Management Fee (unless a different Calculation Date is expressly stated in this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) in relation to the circumstances giving rise to the entitlement of Project Co to be paid the Incurred Change Management Fee).

**9 Information and notifications by the Authority to Project Co and cooperation of the Authority**

- 9.1 The Authority must notify Project Co as soon as it becomes aware of any matter which may have a reasonably foreseeable material adverse effect on the viability of any High Value Change including any:

- 9.1.1 planning issues likely to cause a material delay in the anticipated programme for the High Value Change or material cost increases; and
  - 9.1.2 changes to funding which the Authority receives or to the way in which funding may be applied, either or both of which may affect whether a High Value Change is Affordable.
- 9.2 The Authority shall provide reasonable assistance to Project Co in relation to the procurement by Project Co of all relevant Necessary Consents.

## 10 **Change Management Fee**

The Change Management Fee is to reimburse Project Co for the time spent by its employees in project managing the development, procurement and implementation of the High Value Change and shall:

- 10.1 be based on actual time spent (validated by time sheets);
- 10.2 be calculated at the daily rates as set out in Appendix [ REF SchedulePart16Appendix2 \h \\* MERGEFORMAT ] Part 3 to this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*), but capped at the sum set out in the High Value Change Proposal;
- 10.3 not include the time of any person who is not employed by Project Co;
- 10.4 not include any mark-up or profit or additional overheads;
- 10.5 be paid in three stages as follows:
  - 10.5.1 on Stage 1 Approval;
  - 10.5.2 on Stage 2 Approval; and
  - 10.5.3 when any works involved in the High Value Change have been completed,

and at each stage Project Co shall charge the Authority (subject to the applicable cap) only for the time incurred by its staff up to completion of that stage.

## 11 **Implementation of the High Value Change**

Project Co must implement any High Value Change approved by the Authority so as to minimise any inconvenience to the Authority and to the provision of Authority Services and in accordance with the Approved Project. Where an extension of time has been agreed as

part of the Stage 2 Approval the Completion Date [relevant Phase Completion Dates] shall be extended as agreed in the Approved Project.

## 12 Method of Payment of Authority Contribution

- 12.1 This paragraph [ REF \_Ref321819533 \r \h \\* MERGEFORMAT ] shall apply where Capital Expenditure for an Approved Project is to be funded in whole or part by the Authority.
- 12.2 Project Co shall invoice the Authority for Capital Expenditure incurred by Project Co to implement a High Value Change that is to be borne by the Authority according to the payment schedule set out in the High Value Change Stage 2 Submission as referred to in paragraph [ REF \_Ref321819685 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ].
- 12.3 The Authority shall make a payment to Project Co within fifteen (15) Business Days of receipt by the Authority of invoices presented to the Authority (complete in all material respects) in accordance with paragraph [ REF \_Ref321819735 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ], accompanied by the relevant evidence (where applicable) that the relevant part of the High Value Change has been carried out.

## 13 Adjustment to Annual Service Payment

Any adjustment to the Annual Service Payment which is necessary as a result of the implementation of a High Value Change shall be calculated in accordance with Section [ REF SchedulePart16Section6 \h \\* MERGEFORMAT ] of this Schedule Part [ REF SchedulePart16 \h ] (*Change Protocol*).

## 14 Due Diligence

- 14.1 Where the Authority is funding the High Value Change, Project Co shall procure that the Senior Lenders shall not withhold or delay any consents which are required pursuant to the Senior Financing Agreements to such High Value Change other than on the basis that the Senior Lenders, acting pursuant to the terms of the Senior Financing Agreements, reasonably believe that one or more of the circumstances set out in paragraphs [ REF \_Ref321415187 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321415252 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) apply.
- 14.2 Where the Authority is not funding the High Value Change, Project Co shall procure that the Senior Lenders do not unreasonably withhold or delay any consents which are required pursuant to the Senior Financing Agreements to such High Value Change other than on the basis that the Senior Lenders, acting pursuant to the terms of the Senior Financing Agreements, reasonably believe that one or more of the circumstances set out in paragraphs [ REF \_Ref321415187 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321415252 \r \h \\* MERGEFORMAT ] of

this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) apply.

- 14.3 The parties agree that the Senior Lenders may carry out legal, financial, insurance and technical due diligence on any proposal for a High Value Change. The parties shall agree a budget for the due diligence provided that the costs may not exceed the lower of (i) 3% of the overall value of the High Value Change in question or (ii) fifty thousand pounds (£50,000) unless, in either case, the parties (acting reasonably) agree otherwise. Any costs incurred by Project Co as a result of the Senior Lenders due diligence will be reimbursed by the Authority following the conclusion of the process in this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) within ten (10) Business Days of Project Co submitting an invoice for and evidence of such costs, subject to the invoices being in accordance with the agreed budget.
- 14.4 It is acknowledged that High Value Changes (particularly where they involve a change to the Works or the Facilities) may require authorisation from the insurers under the Required Insurances. Project Co shall notify the relevant insurance broker immediately upon any material High Value Change being agreed (materiality being judged in relation to the size and nature of the scope of the High Value Change).
- 14.5 The parties agree that paragraph [ REF \_Ref321820407 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) does not oblige the Senior Lenders to provide any additional funding for the relevant High Value Change, which shall be in their absolute discretion.

## 15 **Project Documentation**

- 15.1 The only changes to the Project Documents or Ancillary Documents to be made as a result of a High Value Change shall be those identified in the Approved Project (subject to any amendments to it agreed by the parties).
- 15.2 Project Co shall, on completion of the Change, update the as-built drawings and the operating and maintenance manuals as necessary to reflect the High Value Change.

## 16 **Disputes**

- 16.1 Except as otherwise expressly provided, any dispute concerning any matter referred to in this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) may be referred by either party to the Dispute Resolution Procedure.
- 16.2 The Authority shall not be entitled to approve a High Value Change Proposal or a High Value Change Stage 2 Submission that is the subject of a dispute until the dispute has been determined.

- 16.3 If the Authority rejects a High Value Change Stage 2 Submission pursuant to the provisions of paragraph [ REF \_Ref321817817 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ], Project Co shall be entitled to refer the matter for consideration under the Dispute Resolution Procedure within ten (10) Business Days after receiving written notice of the Authority's decision.
- 16.4 If, following a referral to the Dispute Resolution Procedure, it is agreed or determined:
- 16.4.1 that the High Value Change rejected by the Authority pursuant to paragraph [ REF \_Ref321817817 \r \h ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] met the Approval Criteria the Authority shall either:
- (a) declare that the relevant High Value Change has received Stage 2 Approval and that High Value Change shall proceed;  
or
- (b) declare that its rejection of the relevant High Value Change be treated as an improper rejection and that the provisions of paragraph [ REF \_Ref321816679 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) shall apply.
- 16.4.2 the High Value Change did not meet the Approval Criteria, save in one of the respects referred to in paragraphs [ REF \_Ref321817132 \r \h \\* MERGEFORMAT ] or [ REF \_Ref321817198 \r \h ] the provisions of paragraph [ REF \_Ref321817316 \r \h ] of this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] (*High Value Changes*) shall apply.
- 17 The Authority is not entitled to withdraw an Authority Change Notice and procure implementation of a High Value Change in respect of which there is a dispute that has been referred to the Dispute Resolution Procedure, unless that dispute has been determined in its favour and Project Co has not confirmed to the Authority in writing within five (5) Business Days of the date of the determination that it will comply with its obligations under this Section [ REF SchedulePart16Section4 \h \\* MERGEFORMAT ] in accordance with the determination.

## SECTION 5

### PROJECT CO CHANGES

- 1 If Project Co wishes to introduce a Project Co Change, it shall serve a notice containing the information required pursuant to paragraph [ REF \_Ref321821116 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section5 \h \\* MERGEFORMAT ] (*Project Co Changes*) (a "*Project Co Notice of Change*") on the Authority.
  
- 2 A Project Co Notice of Change shall:
  - 2.1 set out the proposed Project Co Change in sufficient detail to enable the Authority to evaluate it in full;
  - 2.2 specify Project Co's reasons for proposing Project Co Change;
  - 2.3 indicate any implications of Project Co Change;
  - 2.4 indicate what savings, if any, will be generated by Project Co Change, including:
    - 2.4.1 whether a reduction of the Annual Service Payment is; or
    - 2.4.2 whether such savings will be paid to the Authority in a lump sum,in each case giving details in accordance with paragraph [ REF \_Ref321821169 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section5 \h \\* MERGEFORMAT ] (*Project Co Changes*);
  - 2.5 indicate whether there are any critical dates by which a decision by the Authority is required; and
  - 2.6 request the Authority to consult with Project Co with a view to deciding whether to agree to Project Co Change and, if so, what consequential changes the Authority requires as a result.
  
- 3 The Authority shall evaluate Project Co Notice of Change in good faith, taking into account all relevant issues, including whether:
  - 3.1 a revision of the Annual Service Payment will occur;
  - 3.2 the Project Co Change may affect the quality of the Services and/or the Works or the likelihood of successful completion of the Works and/or delivery of the Services (or any of them);

- 3.3 the Project Co Change will interfere with the relationship of the Authority with third parties;
  - 3.4 the financial strength of Project Co is sufficient to perform the Works and/or Services after implementation of Project Co Change;
  - 3.5 the value and/or life expectancy of any of the Facilities will be reduced; or
  - 3.6 the Project Co Change materially affects the risks or costs to which the Authority is exposed.
- 4 As soon as practicable after receiving Project Co Notice of Change, the parties shall meet and discuss the matters referred to in it, including in the case of a Relevant Change in Law those matters referred to in Clause [ REF \_Ref321242459 \w \h \\* MERGEFORMAT ] of this Agreement. During discussions the Authority may propose modifications to, or accept or reject, Project Co Notice of Change.
- 5 If the Authority accepts Project Co Notice of Change (with or without modification) the parties shall consult and agree the remaining details as soon as practicable and upon agreement the Authority shall issue a notice confirming Project Co Change which shall set out the agreed Project Co Change and:
- 5.1 shall enter into any documents to amend this Agreement or any relevant Ancillary Document which are necessary to give effect to Project Co Change;
  - 5.2 subject to paragraph [ REF \_Ref321821226 \r \h \\* MERGEFORMAT ] of this Section [ REF SchedulePart16Section5 \h \\* MERGEFORMAT ] (*Project Co Changes*), the Annual Service Payment shall be revised in accordance with Section [ REF SchedulePart16Section6 \h \\* MERGEFORMAT ] (*Changing the Financial Model*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*); and
  - 5.3 Project Co Change shall be implemented within the period specified by the Authority in its notice of acceptance.
- 6 If the Authority rejects Project Co Notice of Change, it shall not be obliged to give its reasons for such a rejection and Project Co shall not be entitled to reimbursement by the Authority of any of its costs involved in the preparation of Project Co Notice of Change.
- 7 Unless the Authority's written acceptance expressly agrees to an increase in the Annual Service Payment or that Project Co should be entitled to relief from any of its obligations, there shall be no increase in the Annual Service Payment or relief granted from any obligations as a result of a Project Co Change.
- 8 If a Project Co Change causes, or will cause, Project Co's costs or those of a sub-contractor to decrease, there shall be a decrease in the Annual Service Payment such that any cost savings (following deduction of costs reasonably incurred by Project Co in implementing such Project Co Change) will be shared on the basis of fifty per cent (50%) of the saving

being retained by Project Co and fifty per cent (50%) of the saving being paid to the Authority as a lump sum within ten (10) Business Days of agreement or determination or by way of revision of the Annual Service Payment pursuant to Section [ REF SchedulePart16Section6 \h \\* MERGEFORMAT ] (*Changing the Financial Model*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*).

## SECTION 6

### CHANGING THE FINANCIAL MODEL

#### Procedure

- 1 If a Relevant Event occurs, the Financial Model shall be adjusted in accordance with this Section [ REF SchedulePart16Section6 \h \\* MERGEFORMAT ] (*Changing the Financial Model*) of this Schedule Part [ REF SchedulePart16 \h ] (*Change Protocol*).

#### Adjusting the Logic or Formulae

- 2 If it is necessary to make a Logic Adjustment to permit an Input Adjustment or Assumption Adjustment to be made, Project Co shall make such Logic Adjustment only:
  - 2.1 to the extent necessary;
  - 2.2 in accordance with generally accepted accounting principles in the United Kingdom; and
  - 2.3 so as to leave Project Co in no better and no worse a position.
- 3 In order to demonstrate that the conditions in paragraph [ REF \_Ref321824822 \r \h ] are met, Project Co shall prepare:
  - 3.1 a run of the Financial Model before making any Assumption Adjustment or Input Adjustment and immediately prior to making the Logic Adjustment; and
  - 3.2 a run of the Financial Model immediately following the Logic Adjustment which shows that Project Co is in no worse and no better a position following the making of the Logic Adjustment.

#### Adjusting the Assumptions

- 4 Subject to paragraph [ REF \_Ref321824861 \r \h ], Project Co may make an Assumption Adjustment so that the Assumptions in the Financial Model reflect:
  - 4.1 reasonable economic assumptions prevailing at the Adjustment Date; and
  - 4.2 reasonably foreseeable changes in the prospective technical performance of the Project arising as a result of the Relevant Event.



- 5 In making Assumption Adjustments, Project Co may make such adjustments only insofar as they relate to the Relevant Event, and such adjustments shall not have effect in relation to any period prior to the Adjustment Date, nor in relation to any aspect of the Project other than the Relevant Event in the period following the Adjustment Date.

#### **Adjusting the Inputs**

- 6 Project Co may make Input Adjustments to the extent required to reflect the Estimated Change in Project Costs arising out of the Relevant Event.

#### **Adjusting the Annual Service Payments**

- 7 In order to calculate the adjustment to be made to the Annual Service Payments, Project Co shall run the Financial Model after making the Logic Adjustments, the Assumption Adjustments and the Input Adjustments relating to the Relevant Event and permitted by this Section [ REF SchedulePart16Section6 \h \\* MERGEFORMAT ] (*Changing the Financial Model*) of this Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) so that, following the Relevant Event, it is in no better and no worse a position than it would have been if no Relevant Event had occurred.

- 8 The Annual Service Payments shall be adjusted by such amount as leaves Project Co, following the Relevant Event, in no better and no worse a position than it would have been if no Relevant Event had occurred.

#### **No better and no worse**

- 9 Any reference in this Agreement to “no better and no worse” or to leaving Project Co in “no better and no worse a position” shall be construed by reference to Project Co’s:

9.1 rights, duties and liabilities under or arising pursuant to performance of this Agreement, the Funding Agreements, the Construction Contract and Service Contracts; and

9.2 ability to perform its obligations and exercise its rights under this Agreement, the Funding Agreements, the Construction Contract and Service Contracts,

so as to ensure that:

9.3 Project Co is left in a position in relation to the Key Ratios which is no better and no worse in the Post-Adjustment Financial Model than it is in the Pre-Adjustment Financial Model; and

9.4 following the making of the Adjustments, the ability of Project Co to comply with this Agreement is not adversely affected or improved as a consequence of the Relevant Event.

**APPENDIX 1**

**Part 1**

**Catalogue**

**APPENDIX 1**

**Part 2**

**Small Works and Services Rates**

**APPENDIX 2**

**Part 1**

**Unit Cost for Construction or Installation Costs**

**APPENDIX 2**

**Part 2**

**Unit Costs for Lifecycle Maintenance**

**APPENDIX 2**

**Part 3**

**Consultant, Sub-Contractor or Supplier Fees**

**APPENDIX 2**

**Part 4**

**Unit Costs for Labour Rates**

## SCHEDULE PART 17

### COMPENSATION ON TERMINATION

#### SECTION 1

#### COMPENSATION ON TERMINATION FOR AUTHORITY DEFAULT AND VOLUNTARY TERMINATION [AND TERMINATION ON AN AUTHORITY BREAK POINT DATE]

##### 1 Compensation on Termination for the Authority Default and Voluntary Termination

1.1 If Project Co terminates this Agreement pursuant to Clause [ REF \_Ref321319996 \w \h \\* MERGEFORMAT ] (*Authority Events of Default*) or the Authority terminates this Agreement pursuant to Clause [ REF \_Ref325725689 \r \h ] the Authority shall pay to Project Co the "**Authority Default Termination Sum**" as set out in paragraph [ REF \_Ref321825248 \r \h \\* MERGEFORMAT ].

1.2 Subject to paragraphs 1.4 to 1.6 below the Authority Default Termination Sum shall be an amount equal to the aggregate of:

1.2.1 the Base Senior Debt Termination Amount;

1.2.2 Redundancy Payments and Sub-Contractor Losses; and

1.2.3 the aggregate amount for which the share capital of Project Co and the amounts outstanding under the Subordinated Funding Agreements could have been sold on an open market basis based on the Relevant Assumptions,

LESS, to the extent it is a positive amount, the aggregate of without double counting in relation to the calculation of the Base Senior Debt Termination Amount or the amounts below:

1.2.4 the value of any right of Project Co to receive insurance proceeds (save where such insurance proceeds are held in the Insurance Proceeds Account and are to be applied in accordance with Clause [ REF \_Ref321320021 \w \h \\* MERGEFORMAT ] of this Agreement in reinstatement, restoration or replacement or, in the case of any third party legal liability or employer's liability, in satisfaction of the claim, demand, proceeding or liability) or sums due and payable from third parties (but only when received from third parties) but excluding any claims under any Sub-Contracts or claims against other third parties which have not been determined or have been determined but not yet paid provided that in such case Project Co shall assign any such rights and claims under the Sub-Contracts or claims against other third parties to the Authority and give the Authority reasonable assistance in prosecuting such claims;

1.2.5 to the extent realised before the Invoice Date the market value of any other assets and rights of Project Co (other than those transferred to the



Authority pursuant to this Agreement) less liabilities of Project Co properly incurred in carrying out its obligations under this Agreement as at the Termination Date provided that no account should be taken of any liabilities and obligations of Project Co arising out of:

- (a) agreements or arrangements entered into by Project Co to the extent that such agreements or arrangements were not entered into in connection with Project Co's obligations in relation to the Project; or
- (b) agreements or arrangements entered into by Project Co to the extent that such agreements or arrangements were not entered into in the ordinary course of business and on commercial arm's length terms; and

1.2.6 amounts which the Authority is entitled to set off pursuant to Clause [ REF \_Ref321243528 \w \h \\* MERGEFORMAT ] of this Agreement.

1.3 To the extent that such assets and rights referred to in paragraph [ REF \_Ref321826228 \r \h \\* MERGEFORMAT ] above are not realised and applied by the Invoice Date, Project Co shall on payment of the Authority Default Termination Sum assign such assets and rights to the Authority.

1.4 If the aggregate of the amounts referred to in paragraphs [ REF \_Ref321829951 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321830175 \r \h \\* MERGEFORMAT ] is less than the Revised Senior Debt Termination Amount, then the Authority Default Termination Sum shall be increased so that it is equal to the aggregate of the Revised Senior Debt Termination Amount and the amount referred to in paragraph [ REF \_Ref321830199 \r \h \\* MERGEFORMAT ] LESS the amounts referred to in paragraphs [ REF \_Ref321830607 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321830635 \r \h \\* MERGEFORMAT ] above; provided always that (a) the amount referred to in paragraph [ REF \_Ref321830199 \r \h \\* MERGEFORMAT ] shall only be paid to the extent that Project Co has demonstrated to the reasonable satisfaction of the Authority that the amount will not be applied (in whole or in part) in payment of any Distribution and (b) if, at the time of termination, there are any Additional Permitted Borrowings outstanding, no Sub-Contractor Losses shall be paid in respect of any Sub Contract in circumstances where there is an event of default under such Sub-Contract which would entitle Project Co to terminate such Sub-Contract.

1.5 If a Distribution is made whilst any Additional Permitted Borrowing is outstanding and Project Co has wilfully, or through gross negligence failed to comply with its obligations under clause 9.4.4(a) of the Funders' Direct Agreement then in addition to the deduction of the Distribution made pursuant to paragraph [ REF \_Ref326741285 \r \h ] of the definition of Revised Senior Debt Termination Amount, the Authority shall be entitled to set off the value of that Distribution a second time against the Authority Default Termination Sum, provided that the amount of the Authority Default Termination Sum shall never be less than the Revised Senior Debt Termination Amount.

1.6 If Project Co has wilfully or through gross negligence failed to comply with its obligations under clause 9.4.4(b) of the Funders' Direct Agreement and there has been an overstatement of the cash balances by Project Co as at that date which

has caused the Authority to reasonably believe that it would be required to pay a lesser sum at the Termination Date than it actually is required to pay under the terms of this Section [ REF SchedulePart17Section1 \h \\* MERGEFORMAT ] (*Compensation on Termination for Authority Default and Voluntary Termination [and Termination on an Authority Break Point Date]*), then the Authority Default Termination Sum shall be reduced by the amount of such overstatement (to the extent such overstatement is still applicable at the Termination Date), provided that the amount of the Authority Default Termination Sum will never be less than the Revised Senior Debt Termination Amount.

- 1.7 The Authority Default Termination Sum shall be payable in accordance with Section [ REF SchedulePart16Section5 \h \\* MERGEFORMAT ] (*General*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).

## 2 Compensation on an Authority Break Point Date

On termination under Clause [ REF \_Ref326332141 \r \h ] the Authority shall pay Project Co, in accordance with Section [ REF SchedulePart17Section5 \h \\* MERGEFORMAT ] (*General*) of this Schedule Part [ REF SchedulePart17 \h ] (*Compensation on Termination*), an amount equal to the amount payable in accordance with paragraph [ REF \_Ref326332265 \r \h ] of this Section [ REF SchedulePart17Section1 \h \\* MERGEFORMAT ] (*Compensation on Termination for Authority Default and Voluntary Termination [and Termination on an Authority Break Point Date]*) of Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*), save that in calculating such amount, the amount specified in paragraph [ REF \_Ref321830175 \r \h ] of this Section [ REF SchedulePart17Section1 \h \\* MERGEFORMAT ] (*Compensation on Termination for Authority Default and Voluntary Termination [and Termination on an Authority Break Point Date]*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) shall be substituted by:

2.1 in the case of termination on the first Authority Break Point Date, £[ ]; or

2.2 in the case of termination on the second Authority Break Point Date, £[ ].]

## SECTION 2

### COMPENSATION FOR PROJECT CO DEFAULT

- 1 If the Authority terminates this Agreement pursuant to Clause [ REF \_Ref321320043 \w \h \\* MERGEFORMAT ] (*Project Co Events of Default*), with the exception of termination pursuant to Clause [ REF \_Ref321244316 \w \h \\* MERGEFORMAT ], the Authority shall pay to Project Co such sum as is calculated according to this Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).

### 2 RETENDERING ELECTION

- 2.1 The Authority shall be entitled to retender the provision of the Project Operations in accordance with paragraph [ REF \_Ref321831601 \r \h \\* MERGEFORMAT ] (*Retendering Procedure*) and the provisions of paragraph [ REF \_Ref321831601 \r \h \\* MERGEFORMAT ] (*Retendering Procedure*) shall apply if:

2.1.1 the Authority notifies Project Co on or before the date falling twenty (20) Business Days after the Termination Date that it intends to retender; and

2.1.2 there is a Liquid Market; and either

(a) the Senior Funders have not exercised their rights to step-in under clause 5 (*Representative*) of the Funders' Direct Agreement; or

(b) Project Co or the Senior Funders have not procured the transfer of Project Co's rights and liabilities under this Agreement to a Suitable Substitute Contractor and have failed to use all reasonable efforts to do so

but otherwise the Authority shall not be entitled to re-tender the provision of the Project Operations and paragraph [ REF \_Ref321410312 \r \h \\* MERGEFORMAT ] (*No Retendering Procedure*) shall apply.

### 3 RETENDERING PROCEDURE

3.1 The objective of the Tender Process shall be to enter into a New Agreement with a Compliant Tenderer.

3.2 The Authority shall (subject to any legal requirements preventing it from doing so) use all reasonable endeavours to complete the Tender Process as soon as practicable.

- 3.3 The Authority shall as soon as reasonably practicable notify Project Co of the Qualification Criteria and the other requirements and terms of the Tender Process, including the timing of the Tender Process, and shall act reasonably in setting such requirements and terms.
- 3.4 Project Co authorises the release of any information by the Authority under the Tender Process which would otherwise be prevented under Clause [ REF \_Ref321320076 \w \h \\* MERGEFORMAT ] (*Confidentiality*) that is reasonably required as part of the Tender Process.
- 3.5 For all or any part of a month, falling within the period from the Termination Date to the Compensation Date, the Authority shall pay to Project Co:
- 3.5.1 the Post Termination Service Amount for each completed month, on or before the date falling ten (10) Business Days after the end of that month; and
- 3.5.2 the Post Termination Service Amount for the period from the end of the last completed month until the Compensation Date, on or before the date falling twenty (20) Business Days after the Compensation Date.
- 3.6 Project Co may, at its own cost, appoint a person to monitor the Tender Process for the purpose of monitoring and reporting to Project Co and the Senior Funders on the Authority's compliance with the Tender Process.
- 3.7 The Tender Process Monitor shall enter into a confidentiality agreement with the Authority in a form acceptable to the Authority and shall be entitled to attend all meetings relating to the Tender Process, inspect copies of all the tender documentation and bids and make representations to the Authority as to compliance with the Tender Process. The Authority shall not be bound to consider or act upon such representations but acknowledges that such representations may be referred to by Project Co in the event that Project Co refers a dispute as to the Adjusted Highest Compliant Tender Price to the Dispute Resolution Procedure. The Tender Process Monitor will not disclose confidential information to Project Co or the Senior Funders or any other person (and shall provide an undertaking to the Authority to such effect as a condition of his appointment) but shall be entitled to advise Project Co and the Senior Funders on whether it considers that the Authority has acted in accordance with the Tender Process and correctly determined the Adjusted Highest Compliant Tender Price.
- 3.8 If any Post Termination Service Amount is less than zero then it may be carried forward and may be set off against any future positive Post Termination Service Amounts.
- 3.9 The Authority shall require bidders to bid on the basis that they will receive the benefit of any outstanding claims under material damage insurance policies and the amount (if any) standing to the credit of the Insurance Proceeds Account on the date that the New Agreement is entered into.

- 3.10 As soon as practicable after tenders have been received, the Authority shall (acting reasonably) review and assess the Compliant Tenders and shall notify Project Co of:
- 3.10.1 the Highest Compliant Tender Price;
- 3.10.2 the Tender Costs; and
- 3.10.3 the Adjusted Highest Compliant Tender Price.
- 3.11 If Project Co refers a dispute relating to the Adjusted Highest Compliant Tender Price to dispute resolution in accordance with Clause [ REF \_Ref321320085 \w \h \\* MERGEFORMAT ] (*Dispute Resolution*), the Authority shall irrespective of such dispute be entitled to enter into a New Agreement.
- 3.12 The Adjusted Highest Compliant Tender Price shall be paid in accordance with Section [ REF SchedulePart17Section5 \h \\* MERGEFORMAT ] (*General*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).
- 3.13 Subject to paragraphs [ REF \_Ref321834469 \r \h ] and [ REF \_Ref321833405 \r \h ] of Section [ REF SchedulePart17Section5 \h \\* MERGEFORMAT ] (*General*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*), if the Authority has not paid an amount equal to the Adjusted Highest Compliant Tender Price to Project Co on or before the date falling two years after the Termination Date then the following provisions of this paragraph [ REF \_Ref321831601 \r \h \\* MERGEFORMAT ] shall not apply to that termination and the provisions of paragraph [ REF \_Ref321410312 \r \h \\* MERGEFORMAT ] (*No Retendering Procedure*) shall apply instead.
- 3.14 The Authority may elect at any time prior to the receipt of a Compliant Tender, to follow the no retendering procedure under paragraph [ REF \_Ref321410312 \r \h \\* MERGEFORMAT ] (*No Retendering Procedure*) by notifying Project Co that this election has been made.
- 3.15 In the event that the Adjusted Highest Compliant Tender Price exceeds the Maximum Termination Amount, the Adjusted Highest Compliant Tender Price shall be deemed to be an amount equal to the Maximum Termination Amount.

#### 4 NO RETENDERING PROCEDURE

- 4.1 Subject to paragraph [ REF \_Ref321831846 \r \h \\* MERGEFORMAT ], if the provisions of this paragraph [ REF \_Ref321410312 \r \h \\* MERGEFORMAT ] (*No Retendering Procedure*) apply Project Co shall not be entitled to receive any Post Termination Service Amount.
- 4.2 If the Authority elects to follow the no retendering procedure in accordance with this paragraph [ REF \_Ref321410312 \r \h \\* MERGEFORMAT ] (*No Retendering*

*Procedure*) after it has elected to follow the procedure under paragraph [ REF \_Ref321831601 \r \h \\* MERGEFORMAT ] (*Retendering Procedure*), then the Authority shall continue to pay to Project Co each Post Termination Service Amount until the Compensation Date, in accordance with paragraph [ REF \_Ref321831601 \r \h \\* MERGEFORMAT ] (*Retendering Procedure*).

4.3 In agreeing or determining the Estimated Fair Value of the Agreement the parties shall be obliged to follow the principles set out below:

4.3.1 all forecast amounts of revenues and costs should be calculated in nominal terms at current prices, recognising the adjustment for indexation in respect of forecast inflation between the date of calculation and the forecast payment date(s) as set out in this Agreement;

4.3.2 the total of all payments of the full Service Payments forecast to be made from the Termination Date to the Expiry Date shall be calculated and discounted at the Discount Rate;

4.3.3 the total of all costs reasonably forecast to be incurred by the Authority as a result of termination shall be calculated and discounted at the Discount Rate and deducted from the payment calculated pursuant to paragraph [ REF \_Ref321831891 \r \h \\* MERGEFORMAT ] above, such costs to include (without double counting):

(a) a reasonable risk assessment of any cost overruns that will arise, whether or not forecast in the relevant base case;

(b) the costs of providing the Services reasonably forecast to be incurred by the Authority from the Termination Date to the Expiry Date in providing the Project Operations to the standard required; and

(c) any rectification costs required to deliver the Project Operations to the standard required (including any costs reasonably forecast to be incurred by the Authority to complete the Works) and additional operating costs required to restore operating services standards less (to the extent that such sums are included in any calculation of rectification costs for the purposes of this paragraph) the aggregate of:

(i) any insurance proceeds received (or held in the Insurance Proceeds Account) or which will be received pursuant to policies maintained in accordance with Clause [ REF \_Ref321320094 \w \h \\* MERGEFORMAT ] (*Insurance*): and

(ii) amounts payable by the Authority in respect of Capital Expenditure under this Agreement which have not been paid,

in each case such costs to be forecast at a level that will deliver the Services to the standards required by this Agreement;

4.3.4 the Net Present Value at the Termination Date of all future Surplus Payments forecast in the Financial Model shall be calculated and deducted from the payment calculation pursuant to paragraph [ REF \_Ref321831891 \r \h ] above.

- 4.4 If the parties cannot agree on the Estimated Fair Value of the Agreement on or before the date falling twenty (20) Business Days after the date on which the Authority elected or was required pursuant to paragraph [ REF \_Ref321832004 \r \h \\* MERGEFORMAT ] (*Retendering Election*) or paragraph [ REF \_Ref321831601 \r \h \\* MERGEFORMAT ] (*Retendering Procedure*) to follow the no retendering procedure in accordance with this paragraph [ REF \_Ref321410312 \r \h \\* MERGEFORMAT ] (*No Retendering Procedure*), then the Adjusted Estimated Fair Value of the Agreement shall be determined in accordance with Clause [ REF \_Ref321320105 \w \h \\* MERGEFORMAT ] (*Dispute Resolution*).
- 4.5 The Adjusted Estimated Fair Value of the Agreement shall be paid in accordance with Section [ REF SchedulePart17Section5 \h \\* MERGEFORMAT ] (*General*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).
- 4.6 In the event that the Adjusted Estimated Fair Value of the Agreement exceeds the Maximum Termination Amount, the Adjusted Estimated Fair Value of the Agreement shall be deemed to be an amount equal to the Maximum Termination Amount.

### SECTION 3

#### COMPENSATION ON TERMINATION FOR FORCE MAJEURE

#### 1 CONSEQUENCES OF TERMINATION FOR FORCE MAJEURE

1.1 If Project Co or the Authority terminates this Agreement pursuant to Clause [ REF \_Ref321320118 \w \h \\* MERGEFORMAT ] (*Force Majeure*) or Clause [ REF \_Ref321246688 \w \h \\* MERGEFORMAT ] the Authority shall pay to Project Co the "**Force Majeure Termination Sum**" as set out in paragraph [ REF \_Ref321832117 \r \h \\* MERGEFORMAT ].

1.2 Subject to paragraphs [ REF \_Ref321832153 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321832193 \r \h \\* MERGEFORMAT ] below the Force Majeure Termination Sum shall be an amount equal to the aggregate of:

1.2.1 the Base Senior Debt Termination Amount;

1.2.2 Redundancy Payments and Sub-Contractor Losses (but excluding therefrom any claims for loss of profit);

1.2.3 an amount equal to the Subordinated Debt less an amount equal to the aggregate of payments of interest paid on the Subordinated Debt provided that where such figure is a negative number it shall be instead fixed at zero; and

LESS, to the extent it is a positive amount, the aggregate of (without double counting) in relation to the calculation of the Base Senior Debt Termination Amount or the amounts below:

1.2.4 the value of any right of Project Co to receive insurance proceeds (save where such insurance proceeds are held in the Insurance Proceeds Account and are to be applied in accordance with Clause [ REF \_Ref321320021 \w \h \\* MERGEFORMAT ] of this Agreement in reinstatement, restoration or replacement, or in the case of third party legal liability or employer's liability, in satisfaction of the claim, demand, proceeding or liability) or sums due and payable from third parties (but only when received from third parties) but excluding any claims under any Sub-Contracts or claims against other third parties which have not been determined or have been determined but not yet paid provided that in such case Project Co shall assign any such rights and claims under the Sub-Contracts or claims against other third parties to the Authority and give the Authority reasonable assistance in prosecuting such claims;

1.2.5 to the extent realised before the Invoice Date, the market value of any other assets and rights of Project Co (other than those transferred to the Authority pursuant to this Agreement) less liabilities of Project Co properly incurred in carrying out its obligations under this Agreement as at the Termination Date provided that no account should be taken of any liabilities and obligations of Project Co arising out of:



- (a) agreements or arrangements entered into by Project Co to the extent that such agreements or arrangements were not entered into in connection with Project Co's obligations in relation to the Project; and
    - (b) agreements or arrangements entered into by Project Co to the extent that such agreements or arrangements were not entered into in the ordinary course of business and on commercial arm's length terms; and
- 1.2.6 amounts which the Authority is entitled to set off pursuant to Clause [ REF \_Ref321243528 \w \h ] of this Agreement.
- 1.3 To the extent that such assets and rights referred to in paragraph [ REF \_Ref321832230 \r \h \\* MERGEFORMAT ] above are not realised and applied pursuant to that paragraph Project Co shall on payment of the Force Majeure Termination Sum assign such assets and rights to the Authority.
- 1.4 If the aggregate of the amounts referred to in paragraphs [ REF \_Ref321832267 \r \h \\* MERGEFORMAT ] and [ REF \_Ref321832295 \r \h \\* MERGEFORMAT ] is less than the Revised Senior Debt Termination Amount, then the Force Majeure Termination Sum shall be increased so that it is equal to the aggregate of the Revised Senior Debt Termination Amount and the amount referred to in paragraph [ REF \_Ref321832357 \r \h \\* MERGEFORMAT ] LESS the amounts referred to at paragraphs [ REF \_Ref321832230 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321832396 \r \h \\* MERGEFORMAT ] above; provided always that (a) the amount referred to in paragraph [ REF \_Ref321832357 \r \h \\* MERGEFORMAT ] LESS the amounts referred to at paragraphs [ REF \_Ref321832230 \r \h \\* MERGEFORMAT ] to [ REF \_Ref321832396 \r \h \\* MERGEFORMAT ] above shall only be paid to the extent that Project Co has demonstrated to the reasonable satisfaction of the Authority that the amount will not be paid (in whole or in part) in payment of any Distribution and (b) if, at the time of termination, there are any Additional Permitted Borrowings outstanding, no Sub-Contractor Losses shall be paid in respect of any Sub Contract in circumstances where there is an event of default under such Sub-Contract which would entitle Project Co to terminate such Sub-Contract.
- 1.5 If a Distribution is made whilst any Additional Permitted Borrowing is outstanding and Project Co has wilfully, or through gross negligence failed to comply with its obligations under clause 9.4.4(a) of the Funders' Direct Agreement then in addition to the deduction of the Distribution made pursuant to paragraph ([ REF \_Ref326741285 \r \h ]) of the definition of Revised Senior Debt Termination Amount, the Authority shall be entitled to set off the value of that Distribution a second time against the Force Majeure Termination Sum, provided that the amount of the Force Majeure Termination Sum shall never be less than the Revised Senior Debt Termination Amount.
- 1.6 If Project Co has wilfully or through gross negligence failed to comply with its obligations under clause 9.4.4(b) of the Funders' Direct Agreement and there has been an overstatement of the cash balances by Project Co as at that date which has caused the Authority to reasonably believe that it would be required to pay a lesser sum at the Termination Date than it actually is required to pay under the terms of this Section [ REF SchedulePart17Section3 \h \\* MERGEFORMAT ] (*Compensation on Termination for Force Majeure*), then the Force Majeure

Termination Sum shall be reduced by the amount of such overstatement (to the extent such overstatement is still applicable at the Termination Date), provided that the amount of the Force Majeure Termination Sum will never be less than the Revised Senior Debt Termination Amount.

- 1.7 The Force Majeure Termination Sum shall be paid in accordance with Section [ REF SchedulePart17Section5 \h \\* MERGEFORMAT ] (*General*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).

#### SECTION 4

### CORRUPT GIFTS AND FRAUD, BREACH OF REFINANCING OR BREACH OF NPD REQUIREMENTS

#### 1 Con sequences of Termination for Corrupt Gifts and Fraud, Breach of Refinancing or Breach of NPD Requirements

- 1.1 If the Authority terminates this Agreement pursuant to Clause [ REF \_Ref323650428 \r \h \\* MERGEFORMAT ], Clause [ REF \_Ref321244849 \r \h \\* MERGEFORMAT ] or Clause [ REF \_Ref321320178 \w \h \\* MERGEFORMAT ] (*Breach of NPD Requirements*) the Authority shall pay to Project Co an amount equal to the Revised Senior Debt Termination Amount;

LESS, to the extent it is a positive number, the aggregate of (without double counting):

- 1.1.1 the value of any right to receive insurance proceeds (save where such insurance proceeds are held in the Insurance Proceeds Account and are to be applied in accordance with Clause [ REF \_Ref321320021 \w \h \\* MERGEFORMAT ] of this Agreement in reinstatement, restoration or replacement or, in the case of third party legal liability or employer's liability, in satisfaction of the claim, demand, proceeding or liability) or sums due and payable from third parties (but only when received from third parties) but excluding any claims under any Sub-Contracts or claims against other third parties which have not been determined or which have been determined but not paid provided that in such case Project Co shall assign any such rights and claims under the Sub-Contracts or claims against other third parties to the Authority and give the Authority reasonable assistance in prosecuting such claims; and
- 1.1.2 to the extent realised before the Invoice Date, the market value of any other assets and rights of Project Co (other than those transferred to the Authority pursuant to this Agreement) less liabilities of Project Co properly incurred in carrying out its obligations under this Agreement as at the Termination Date provided that no account should be taken of any liabilities and obligations of Project Co arising out of:
- (a) agreements or arrangements entered into by Project Co to the extent that such agreements or arrangements were not entered

into in connection with Project Co's obligations in relation to the Project; and

- (b) agreements or arrangements entered into by Project Co to the extent that such agreements or arrangements were not entered into in the ordinary course of business and on commercial arm's length terms.

1.2 To the extent that such assets and rights referred to in paragraph [ REF \_Ref321832672 \r \h \\* MERGEFORMAT ] above are not realised and applied pursuant to that paragraph, Project Co shall, on payment of the sum referred to in paragraph [ REF \_Ref321832693 \r \h \\* MERGEFORMAT ] above, assign such assets and rights to the Authority.

1.3 The sum referred to in paragraph [ REF \_Ref321832693 \r \h \\* MERGEFORMAT ] above shall be paid in accordance with Section [ REF SchedulePart17Section5 \h \\* MERGEFORMAT ] (*General*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).

## SECTION 5

### GENERAL

#### 1 PAYMENT AND INTEREST

##### **Following termination for Authority Default, Force Majeure, Corrupt Gifts or Fraud, Breach of Refinancing or Breach of NPD Requirements**

- 1.1 In respect of the termination payments to be made pursuant to any of Section [ REF SchedulePart17Section1 \h \\* MERGEFORMAT ] (*Compensation on Termination for Authority Default and Voluntary Termination [and Termination on an Authority Break Point Date]*), Section [ REF SchedulePart17Section3 \h \\* MERGEFORMAT ] (*Compensation on Termination for Force Majeure*), or Section [ REF SchedulePart17Section4 \h \\* MERGEFORMAT ] (*Corrupt Gifts and Fraud or Breach of Refinancing or Breach of NPD Requirements*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) as soon as practicable after, and in any event within twenty (20) Business Days of, the Termination Date, Project Co shall give to the Authority an invoice for the relevant termination sum and sufficient supporting evidence, reasonably satisfactory to the Authority, justifying the amount of the relevant termination sum including a breakdown of each of the individual elements of such sum.
- 1.2 Subject to paragraph [ REF \_Ref326333692 \r \h ] below, the Authority shall pay to Project Co:
- 1.2.1 the relevant termination amount within forty (40) Business Days of the Invoice Date; and
- 1.2.2 interest on the relevant termination amount (or any part of such amount that remains outstanding) from the Termination Date until the date of payment:
- (a) at the No Default Interest Rate for the period from (but excluding) the Termination Date to (and including) the date which is forty (40) Business Days after the Invoice Date; and
- (b) thereafter, at the Default Interest Rate.
- 1.3 The Authority shall be entitled to pay the amount payable pursuant to Section [ REF SchedulePart17Section3 \h \\* MERGEFORMAT ] or Section [ REF SchedulePart17Section4 \h \\* MERGEFORMAT ] (as the case may be) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) ("**Termination Sum**") in [4] equal instalments by serving notice on Project Co within thirty (30) Business Days of the Invoice Date, in which case the provisions of paragraph [ REF \_Ref326333701 \r \h ] shall apply.

1.4 In the event that the Authority elects to pay the Termination Sum in instalments pursuant to paragraph [ REF \_Ref326333692 \r \h ] then:

1.4.1 the first such instalment (together with interest thereon calculated pursuant to paragraph [ REF \_Ref326333902 \r \h ] below) shall be due on the first Business Day occurring six (6) months after the date of the Authority's notice served pursuant to paragraph [ REF \_Ref326333692 \r \h \\* MERGEFORMAT ] above and the remaining instalments (together with interest thereon calculated pursuant to paragraph [ REF \_Ref326333902 \r \h ] below) shall be due, respectively, on the first Business Day occurring twelve (12), eighteen (18) and twenty-four (24) months after the date of such notice; and

1.4.2 the Authority shall pay interest on the Termination Sum (or any part of such sum that remains outstanding) from the Termination Date until the date of payment at the No Default Interest Rate.

If the Authority fails to make a payment under paragraph [ REF \_Ref326333895 \r \h \\* MERGEFORMAT ] or [ REF \_Ref326333902 \r \h \\* MERGEFORMAT ] above in full within ten (10) Business Days of the due date for payment, or an Adverse Law or a Proposal for an Adverse Law is made then the outstanding amount of the Termination Sum shall be immediately due and payable and, thereafter, the Authority shall pay interest on such sum at the Default Interest Rate.

#### Following Retendering

1.5 Subject to paragraphs [ REF \_Ref321834469 \r \h ] and [ REF \_Ref321833405 \r \h ], following a retendering exercise under Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] the Authority shall pay to Project Co an amount equal to the Adjusted Highest Compliant Tender Price no later than the date falling twenty (20) Business Days after the later of:

1.5.1 the date on which the Authority receives the Market Value of the New Agreement from the New Project Co; and

1.5.2 if Project Co has referred a dispute relating to the Adjusted Highest Compliant Tender Price to dispute resolution pursuant to paragraph [ REF \_Ref321833480 \r \h \\* MERGEFORMAT ] of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ], the date on which the dispute is finally determined in accordance with Clause [ REF \_Ref321320801 \w \h \\* MERGEFORMAT ] (*Dispute Resolution*),

provided that, to avoid doubt, if the dispute referred by Project Co to dispute resolution (pursuant to paragraph [ REF \_Ref321833960 \r \h \\* MERGEFORMAT ] above) concerns only a proportion of the Adjusted Highest Compliant Tender Price then the Authority shall pay the undisputed proportion of such sum no later than 20 Business Days after the date referred to in paragraph [ REF \_Ref321834010 \r \h \\* MERGEFORMAT ] above (the "**Undisputed Payment Date**") and the Authority shall pay interest to Project Co on any amount of the Adjusted Highest Compliant Tender Price which has been withheld, from the

Undisputed Payment Date until the date on which payment is due under paragraph [ REF \_Ref321833960 \r \h \\* MERGEFORMAT ] above at the No Default Interest Rate.

- 1.6 If the Authority has received all bids from bidders under the Tender Process and has received a Compliant Tender but decides not to complete the Tender Process, it shall notify Project Co of this decision and (if the Adjusted Highest Compliant Tender Price is a positive number) pay to Project Co an amount equal to the Adjusted Highest Compliant Tender Price within [20] Business Days of such notification.
- 1.7 If the Authority fails to pay the Adjusted Highest Compliant Tender Price (or any proportion thereof) by the date on which payment is due in accordance with paragraph [ REF \_Ref321832800 \r \h \\* MERGEFORMAT ] or paragraph [ REF \_Ref321834469 \r \h \\* MERGEFORMAT ] above, the Authority shall pay to Project Co interest on such unpaid amount, which shall accrue on such amount at the Default Interest Rate from (but not including) the date on which payment is due in accordance with paragraph [ REF \_Ref321832800 \r \h \\* MERGEFORMAT ] or paragraph [ REF \_Ref321834469 \r \h \\* MERGEFORMAT ] above until such amount is paid.
- 1.8 If the Adjusted Highest Compliant Tender Price is zero or a negative number then, on entering into the New Agreement with the New Project Co, the Authority shall have no obligation to make any payment to Project Co and (if a negative number) an amount equal to the Adjusted Highest Compliant Tender Price shall be due and payable by Project Co to the Authority on the date of the New Agreement or (where paragraph [ REF \_Ref321834469 \r \h \\* MERGEFORMAT ] applies) within [20] Business Days of notification from the Authority pursuant to that paragraph.

#### **Following no retendering**

- 1.9 If the Authority follows the no retendering procedure set out in paragraph [ REF \_Ref321410312 \r \h \\* MERGEFORMAT ] of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) then, subject to paragraph **1.10**, the Authority shall pay to Project Co an amount equal to the Adjusted Estimated Fair Value of the Agreement no later than the date falling twenty (20) Business Days after the Compensation Date together with interest on such amount calculated in accordance with paragraph [ REF \_Ref327458154 \r \h ] above unless the Authority has paid Post Termination Service Amounts pursuant to paragraph [ REF \_Ref327458188 \r \h ] of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*).
- 1.10 To the extent that the Adjusted Estimated Fair Value of the Agreement is less than zero, then an amount equal to the Adjusted Estimated Fair Value of the Agreement shall be due and payable by Project Co to the Authority on the Compensation Date.

## **2 Full and Final Settlement**

2.1 Any and all sums irrevocably paid by the Authority to Project Co under this Schedule Part [ REF SchedulePart17 \h ] (*Compensation on Termination*) will be in full and final settlement of each party's rights and claims against the other for breaches and/or termination of this Agreement and any other Project Document whether under contract, delict, restitution or otherwise but without prejudice to:

2.1.1 any antecedent liability of Project Co to the Authority which the Authority has been unable to set off pursuant to Clause [ REF \_Ref321243528 \w \h \\* MERGEFORMAT ] of this Agreement;

2.1.2 any antecedent liability of either party to the other that arose prior to the Termination Date (but not from the termination itself) to the extent such liability has not already been taken into account in determining or agreeing the Authority Default Termination Sum, Adjusted Highest Compliant Tender Price, or Adjusted Estimated Fair Value of the Agreement, the Force Majeure Termination Sum or the Corrupt Gifts Termination Sum as the case may be; and

2.1.3 any liabilities arising in respect of any breach by either party of their obligations under Clause [ REF \_Ref321237053 \w \h \\* MERGEFORMAT ] of this Agreement which arises or continues after the Termination Date.

2.2 If either the Adjusted Highest Compliant Tender Price or (as the case may be) the Adjusted Estimated Fair Value of the Agreement is zero or a negative number the Authority shall be released from all liability to Project Co for breaches and/or termination of this Agreement and any other Project Document whether under contract, delict, restitution or otherwise save for:

2.2.1 any antecedent liability of the Authority which arose prior to the Termination Date (but not from the termination itself) to the extent such liability has not already been taken into account in determining the Adjusted Highest Compliant Tender Price or the Adjusted Estimated Fair Value of the Agreement (as the case may be); and

2.2.2 any liabilities arising in respect of any breach by either party of their obligations under Clause [ REF \_Ref321237053 \w \h \\* MERGEFORMAT ] of the Agreement which continues after the Termination Date.

### 3 **Costs**

The costs and/or expenses to be taken into account in the calculation of all termination sums due pursuant to this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) shall only be such costs and/or expenses to the extent that they are reasonable and proper in quantum and shall have been or will be reasonably and properly incurred and shall only be counted once.

### 4 **Undisputed Amounts**

If the calculation of any termination amount is disputed then any undisputed element of that amount shall be paid in accordance with this Section [ REF SchedulePart17Section5 \h \\* MERGEFORMAT ] (*General*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) and the disputed element shall be dealt with in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*).

## 5 Outstanding Senior Debt Amount

- 5.1 The Authority shall be entitled to rely on the certificate of the [Senior Funders' Agent] as conclusive as to the amount of the Base Senior Debt Termination Amount or Revised Senior Debt Termination Amount (as the case may be) outstanding at any relevant time.
  
- 5.2 The receipt by the [Senior Funders' Agent] of the Base Senior Debt Termination Amount or Revised Senior Debt Termination Amount or elements thereof (as appropriate) (as the case may be) (and where appropriate any accrued interest or breakage costs as certified in accordance with paragraph [ REF \_Ref321834729 \r \h \\* MERGEFORMAT ] above) shall discharge the Authority's obligations to pay such sums to Project Co.



**SECTION 6**  
**DEFINITIONS**

**“Adjusted Estimated Fair Value of the Agreement”** means, subject to paragraph [ REF \_Ref321834814 \r \h \\* MERGEFORMAT ] of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*), the Estimated Fair Value of the Agreement adjusted as follows:

- (a) where in respect of any month or part of a month from the Termination Date to the Compensation Date the Post Termination Service Amount is a negative number, the aggregate of all such negative Post Termination Service Amounts shall be set against and shall reduce the Estimated Fair Value of the Agreement (whether or not such amounts have been set-off by the Authority pursuant to paragraph [ REF \_Ref321834914 \r \h \\* MERGEFORMAT ] of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*));

and the aggregate of the following amounts shall be deducted from the Estimated Fair Value of the Agreement:

- (b) the Post Termination Service Amounts actually paid by the Authority to Project Co prior to the Compensation Date;
- (c) the Tender Costs; and
- (d) amounts that the Authority is entitled to set off or deduct;

and the aggregate of the following amounts shall be added to the Estimated Fair Value of the Agreement:

- (e) all credit balances on any bank accounts held by or on behalf of Project Co on the date that the Estimated Fair Value of the Agreement is calculated; and
- (f) any insurance proceeds and other amounts owing to Project Co (and which Project Co is entitled to retain), to the extent not included in [ REF \_Ref326574133 \r \h \\* MERGEFORMAT ];

to the extent that:

- (i) [ REF \_Ref326574133 \r \h \\* MERGEFORMAT ] and [ REF \_Ref326574142 \r \h \\* MERGEFORMAT ] have not been directly taken into account in calculating the Estimated Fair Value of the Agreement; and
- (ii) the Authority has received such amounts in accordance with this Agreement or such amounts are standing to the credit of the Insurance Proceeds Account;

**“Adjusted Highest Compliant Tender Price”**

means, subject to paragraph [ REF \_Ref321836321 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*), the Highest Compliant Tender Price adjusted as follows:

- (a) where in respect of any month or part of a month from the Termination Date to the Compensation Date the Post Termination Service Amount is a negative number, the aggregate of all such negative Post Termination Service Amounts shall be set against and shall reduce such highest tender price (whether or not such amounts have been set-off by the Authority pursuant to paragraph [ REF \_Ref321834914 \w \h \\* MERGEFORMAT ] of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on*

Termination));

and the aggregate of the following amounts shall be deducted from the Highest Compliant Tender Price:

- (b) the Forecast Surpluses;
- (c) the Post Termination Service Amounts actually paid by the Authority to Project Co prior to the Compensation Date;
- (d) the Tender Costs; and
- (e) amounts that the Authority is entitled to set off or deduct,

and the aggregate of the following amounts shall be added to such highest tender price:

- (f) all credit balances on any bank accounts held by or on behalf of Project Co on the date that the highest priced Compliant Tender is received; and
- (g) any insurance proceeds and other amounts owing to Project Co (and which Project Co is entitled to retain), to the extent not included in [ REF \_Ref326574241 \r \h \\* MERGEFORMAT ];

to the extent that:

- (i) [ REF \_Ref326574358 \r \h \\* MERGEFORMAT ] and [ REF \_Ref326574370 \r \h \\* MERGEFORMAT ] have not been directly taken into account in that Compliant Tender; and
- (ii) the Authority has received such amounts in accordance with this Agreement;

**“APB Distribution”**

means, for the period during which the Additional Permitted Borrowing subsists, an amount equal to the aggregate of all Distributions made during

that period up to an amount equal to the principal of the Additional Permitted Borrowing on the first day of that period;

**“Base Senior Debt Termination Amount”**

means, subject to Clause [ REF \_Ref321238801 \r \h \\* MERGEFORMAT ]:

- (a) all amounts outstanding at the Termination Date, including interest and Default Interest accrued as at that date, from Project Co to the Senior Funders in respect of Permitted Borrowings (other than in respect of Additional Permitted Borrowing); and
- (b) all amounts including costs of early termination of interest rate hedging arrangements and other breakage costs, payable by Project Co to the Senior Funders as a result of a prepayment in respect of Permitted Borrowings (other than in respect of Additional Permitted Borrowing), or, in the case of early termination of interest rate hedging arrangements only, as a result of termination of this Agreement, subject to Project Co and the Senior Funders mitigating all such costs to the extent reasonably possible;

less, to the extent it is a positive amount the aggregate of (without double counting in relation to the calculation of the Base Senior Debt Termination Amount or the amounts below)

- i. any amounts claimable on or after the Termination Date in respect of Contingent Funding Liabilities;
- ii. all amounts including costs of early termination of interest rate hedging arrangements and other breakage costs, payable by the Senior Funders to Project Co as a result of prepayment of amounts outstanding in respect of Permitted Borrowings (other than in respect of Additional Permitted Borrowing), or, in the case of early termination of interest rate hedging arrangements only, as a result of termination of this Agreement;
- iii. all other amounts received by the Senior Funders on or after the

Termination Date and before the date on which any compensation is payable by the Authority to Project Co as a result of enforcing any other rights they may have; and

- iv. all credit balances on any bank accounts (but excluding the Insurance Proceeds Account) held by or on behalf of Project Co on the Termination Date;

**“Compensation Date”**

means either:

- (a) if paragraph [ REF\_Ref321831601 \w \h \\* MERGEFORMAT ] (*Retendering Procedure*) of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) applies, the earlier of:
  - i. the date that the New Agreement is entered into; and
  - ii. the date on which the Authority pays the Adjusted Highest Compliant Tender Price to Project Co; or
- (b) if paragraph [ REF\_Ref321410312 \w \h \\* MERGEFORMAT ] (*No Retendering Procedure*) of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) applies, the date that the Adjusted Estimated Fair Value of the Agreement has been agreed or determined;

**“Compliant Tender”**

means a tender that meets all of the Qualification Criteria;

**“Compliant Tenderer”**

means a Suitable Substitute Contractor who submits a Compliant Tender;

**[“Contingent Funding Liabilities”**

[insert any contingent liabilities of the shareholders in respect of financial obligations owed to the Contractor and/or Funders under the Funding Agreements which are triggered as a

result of or in relation to the termination of the Agreement, e.g. guarantees or letters of credit in respect of deferred equity];

**“Deemed New Agreement”**

means an agreement on the same terms and conditions as this Agreement, as at the Termination Date, but with the following amendments:

- a) if this Agreement is terminated prior to the Actual Completion Date [a Phase Actual Completion Date], then the Longstop Date [relevant Longstop Date(s)] shall be extended by a period to allow a New Project Co (had one been appointed) to achieve the Actual Completion Date [relevant Phase Actual Completion Date(s)] prior to the Longstop Date [relevant Longstop Date(s)];
- b) any accrued Deductions and/or Warning Notices shall, for the purposes of termination only, and without prejudice to the rights of the Authority to make financial deductions, be cancelled; and
- c) the term of such agreement shall be for a period equal to the term from the Termination Date to the Expiry Date;

**“Discount Rate”**

means a discount rate expressed as  $[(1 + \text{real base case project IRR} + \text{Gilt B} - \text{Gilt A}) * (1 + i) - 1]$

where:

**“real base case project IRR”** is the real pre-tax [Project IRR] as set out in the Financial Model at Financial Close;

**“i”** is the agreed assumed forecast rate of increase in RPI set out in the Agreement, for the remaining term of the Agreement;

**“Gilt A”** is the real yield to maturity on a benchmark government Gilt instrument of the same maturity as the average life of the outstanding Senior Debt as shown in the Financial Model at Financial Close; and

**“Gilt B”** is the real yield to maturity on a benchmark government Gilt instrument of the same maturity as the average life of the

outstanding Senior Debt as shown in the Financial Model as on the Termination Date;

**“Distribution”**

has the meaning given in Schedule Part [ REF SchedulePart23 \h \\* MERGEFORMAT ] (*Refinancing*);

**“Estimated Fair Value of the Agreement”**

means the amount determined in accordance with paragraph [ REF \_Ref321410312 \w \h \\* MERGEFORMAT ] (*No Retendering Procedure*) of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*) that a third party would pay to the Authority as the market value of the Deemed New Agreement;

**“Fair Value”**

means the amount at which an asset or liability could be exchanged in an arms length transaction between informed and willing parties, other than in a forced or liquidated sale;

**“Forecast Surpluses”**

means the Net Present Value of the Surplus Payments projected to be made by the Compliant Tenderer, as adjusted by the Authority to take account of the Authority’s assessment of the likelihood of such Surpluses arising;

**“Highest Compliant Tender Price”**

means the price offered by the Compliant Tenderer (if any) with the highest tender price, being the sum of:

(a) the capital sum offered by such Compliant Tenderer; and

(b) the Forecast Surpluses;

and, if no Compliant Tenders are received, means zero;

**“Invoice Date”**

means, in respect of the Authority Default Termination Sum, the Force Majeure Termination Sum or the Corrupt Gifts Termination Sum (as appropriate), the date that is the later of:

(a) the date on which the Authority receives an invoice from Project Co for the relevant termination sum; and

(b) the date on which the Authority receives the supporting evidence required pursuant to paragraph [●] of Section [ REF SchedulePart17Section5 \h \\* MERGEFORMAT ]

MERGEFORMAT ] (*General*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*);

**“Liquid Market”**

means that there are sufficient willing parties (being at least two parties, each of whom is capable of being a Suitable Substitute Contractor) in the market for design, build, finance and maintain contracts or similar contracts for the provision of services (in each case the same as or similar to this Agreement) for the price that is likely to be achieved through a tender to be a reliable indicator of Fair Value provided always that any vehicle controlled and established by the Senior Funders specifically for the purposes of the Project and to which this Agreement may be novated shall be discounted in assessing whether there are sufficient willing parties in the market for such purposes;

**[“Market Value Availability Deduction Amount”**

means for any month or part of a month, an amount equal to the availability deduction that was made to the Monthly Service Payment under paragraph [ ] of Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) in the month immediately preceding the Termination Date, less an amount equal to any availability deduction that was made for a Functional Area which was unavailable at the Termination Date but which has subsequently become available whether as a result of the Authority incurring Rectification Costs or otherwise];

**“Maximum Service Payment”**

means one twelfth of the Annual Service Payment payable at any time before any deductions under paragraph [ ] of Schedule Part [ REF SchedulePart14 \h \\* MERGEFORMAT ] (*Payment Mechanism*) but allowing for indexation under the [indexation provisions];

**“Maximum Termination Amount”**

means either an amount equal to the aggregate of:

- (a) the Base Senior Debt Termination Amount; and
- (b) the principal amount of the Subordinated Debt outstanding; and
- (c) Redundancy Payments and Sub-Contractor Losses;

OR, if the aggregate of the amounts referred to in [ REF \_Ref321837639 \r \h \\* MERGEFORMAT ]



MERGEFORMAT ] and [ REF \_Ref327458311 \r \h ] above is less than the Revised Senior Debt Termination Amount then an amount equal to the aggregate of:

- (d) the Revised Senior Debt Termination Amount; and
- (e) Redundancy Payments;

**“New Agreement”**

means an agreement on the same terms and conditions as this Agreement at the Termination Date, but with the following amendments:

- (a) if this Agreement is terminated prior to the Actual Completion Date [a Phase Actual Completion Date], then the Longstop Date [relevant Longstop Date(s)] shall be extended by a period to allow a New Project Co to achieve the Actual Completion Date [relevant Phase Actual Completion Date(s)] prior to the Longstop Date [relevant Longstop Date(s)];
- (b) any accrued Deductions and/or Warning Notices shall, for the purposes of termination only, and without prejudice to the rights of the Authority to make financial deductions, be cancelled;
- (c) the term of such agreement shall be equal to the term from the [Termination Date] until the Expiry Date; and
- (d) any other amendments which do not adversely affect the Project Co;

**“New Project Co”**

means the person who has entered or who will enter into the New Agreement with the Authority;

**“No Default Interest Rate”**

means [incorporate the non-default interest rate definition in the Senior Funding Agreements];

**“Post Termination Service Amount”**

means for the purposes of paragraph [ REF \_Ref321831601 \w \h \\* MERGEFORMAT ] (*Retendering Process*) of Section [ REF SchedulePart17Section2 \h \\* MERGEFORMAT ] (*Compensation for Project Co Default*) of this Schedule Part [ REF SchedulePart17 \h \\* MERGEFORMAT ] (*Compensation on Termination*), for the whole or any part of a month for the period from the Termination Date to the

Compensation Date, an amount equal to the Maximum Service Payment (pro rata for part of a month) which would have been payable under this Agreement had this Agreement not been terminated, less an amount equal to the aggregate of (without double counting):

- (a) (where relevant) the amount by which the Post Termination Service Amounts for the previous month was less than zero;
- (b) the [Market Value Availability Deduction Amount] for that month; and
- (c) the Rectification Costs incurred by the Authority in that month;

**“Qualification Criteria”**

means the criteria that the Authority requires tenderers to meet as part of the Tender Process, which (subject to compliance with procurement regulations) shall be:

- (a) the New Agreement terms;
- (b) tenderers should have the financial ability to pay the capital sum tendered for the New Agreement and the financial ability to deliver the Works and/or the Services (as appropriate) for the price tendered;
- (c) the tenderers may only bid on the basis of a single capital payment to be made on the date of the New Agreement;
- (d) the tenderer is experienced in providing the Services or similar services;
- (e) the technical solution proposed by the tenderers is capable of delivery and the tenderer is technically capable of delivery of the Services; and
- (f) any other tender criteria agreed by the Authority and the Project Co;

**“Rectification Costs”**

means, for the purposes of any Termination Date that occurs after the Actual Completion Date [a Phase Actual Completion Date], an amount equal

to the reasonable and proper costs incurred by the Authority in a particular month or part of a month in ensuring that the Services are available;

**“Redundancy Payments”**

means redundancy payments and other termination payments which are required under Law to be made to employees of Project Co reasonably and properly incurred by Project Co arising as a direct result of terminating this Agreement (provided that Project Co shall use all reasonable endeavours to mitigate its loss) and provided that in calculating such amount no account should be taken of any liabilities and obligations of Project Co arising out of:

- (a) contracts of employment or other agreements or arrangements entered into by Project Co to the extent that such contracts of employment agreements or arrangements were not entered into in connection with the Project; and/or
- (b) contracts of employment or other agreements or arrangements entered into by Project Co to the extent that such contracts of employment agreements or arrangements were not entered into in the ordinary course of business and on commercial arm's length terms;

**“Relevant Assumptions”**

means the assumptions that the sale of Project Co is on the basis that there is no default by the Authority, that the sale is on a going concern basis, that no restrictions exist on the transfer of share capital, that no Additional Permitted Borrowing has taken place and therefore that the effect of the Additional Permitted Borrowing on the calculation of such amount is disregarded but that otherwise the actual state of affairs of Project Co and the Project is taken into account;

**“Revised Senior Debt Termination Amount”**

means, subject to Clause [ REF \_Ref321238801 \r \h \\* MERGEFORMAT ] and Refinancing:

- (a) all amounts outstanding at the Termination Date, including interest and (other than in respect of Additional Permitted Borrowing) Default Interest accrued as at that date, from Project Co to the Senior Funders in respect of Permitted Borrowing; and
- (b) all amounts including costs of early termination of interest rate hedging arrangements and other breakage costs, payable by Project Co to the Senior

Funders as a result of a prepayment in respect of Permitted Borrowing, or, in the case of early termination or interest rate hedging arrangements only, as a result of termination of this Agreement subject to Project Co and the Senior Funders mitigating all such costs to the extent reasonably possible;

less, to the extent it is a positive amount, the aggregate of (without double counting in relation to the calculation of the Revised Senior Debt Termination Amount or the amounts below):

- i. all credit balances on any bank accounts (but excluding the Insurance Proceeds Account) held by or on behalf of Project Co on the Termination Date;
- ii. any amounts claimable on or after the Termination Date in respect of Contingent Funding Liabilities;
- iii. all amounts, including costs of early termination of interest rate hedging arrangements and other breakage costs, payable by the Senior Funders to Project Co as a result of prepayment of amounts outstanding in respect of Permitted Borrowing, or, in the case of early termination of interest rate hedging arrangements only, as a result of termination of this Agreement;
- iv. all other amounts received by the Senior Funders on or after the Termination Date and before the date on which any compensation is payable by the Authority to Project Co as a result of enforcing any other rights they may have; and
- v. all APB Distributions;

**“Senior Debt”**

means the financing provided by the Senior Funders under the Senior Funding Agreements;

**“Senior Funding Agreements”**

has the meaning given in Schedule Part [ REF SchedulePart1 \h \\* MERGEFORMAT ] (*Definitions and Interpretation*);

**“Sub-Contractor Losses”**

means:

- (a) the amount reasonably and properly payable by Project Co to the Contractor under the terms of the Construction Contract as a direct result of the termination of this Agreement provided that such amount shall be reduced to the extent that Project Co fails to use all reasonable endeavours to mitigate such amount; and
- (b) the amount reasonably and properly payable by Project Co to the Service Providers [under their respective contracts with Project Co] (as the case may be) as a direct result of the termination of this Agreement provided that such amount shall be reduced to the extent that Project Co fails to use all reasonable endeavours to mitigate such amount;

provided that in both cases no account should be taken of any liabilities and obligation of Project Co to the Sub-Contractors arising out of:

- i. agreements or arrangements entered into by Project Co and/or the Sub-Contractors to the extent that such agreements or arrangements were not entered into in connection with those parties obligations in relation to the Project; and/or
- ii. agreements or arrangements entered into by Project Co and/or the Sub-Contractors to the extent that such agreements or arrangements were not entered into in the ordinary course of business and on commercial arm's length terms;

**“Suitable Substitute Contractor”**

has the meaning given in the Funders' Direct Agreement;

**“Subordinated Debt”**

means [                    ];

**“Tender Costs”**

means the reasonable and proper costs of the Authority incurred in carrying out the Tender Process and/or in connection with any calculation of the Estimated Fair Value of the Agreement;

**“Tender Process”**

means the process by which the Authority requests tenders from any parties interested in entering into a New Agreement, evaluates the responses from those interested parties and enters into a New Agreement with a new service provider, in accordance with paragraph [ REF

\_Ref321831601 \w \h \\* MERGEFORMAT ]  
(*Retendering Process*) of Section [ REF  
SchedulePart17Section2 \h \\* MERGEFORMAT  
] (*Compensation for Project Co Default*) of this  
Schedule Part [ REF SchedulePart17 \h \\*  
MERGEFORMAT ] (*Compensation on  
Termination*);

**“Tender Process Monitor”**

means the person appointed under paragraph [ REF  
\_Ref321838379 \w \h \\* MERGEFORMAT ]  
of Section [ REF SchedulePart17Section2 \h \\*  
MERGEFORMAT ] (*Compensation for Project Co  
Default*) of this Schedule Part [ REF  
SchedulePart17 \h \\* MERGEFORMAT ]  
(*Compensation on Termination*);

**“Termination Sum”**

has the meaning given in paragraph [ REF  
\_Ref326333692 \r \h \\* MERGEFORMAT ] of  
Section [ REF SchedulePart17Section5 \h \\*  
MERGEFORMAT ] (*General*) of this Schedule  
Part [ REF SchedulePart17 \h \\*  
MERGEFORMAT ] (*Compensation on  
Termination*).

**SCHEDULE PART 18**  
**HANDBACK PROCEDURE**

1 **DEFINITIONS**

In this Schedule Part [ REF SchedulePart18 \h \\* MERGEFORMAT ] (*Handback Procedure*) and elsewhere in this Agreement (save where Schedule Part [ REF SchedulePart1 \h \\* MERGEFORMAT ] (*Definitions and Interpretations*) provides to the contrary) the following words shall have the following meanings:

- “Handback Works”** means the maintenance works (if any) required to be carried out in respect of the Facilities in order to procure that they will, on the Expiry Date, satisfy the Handback Requirements;
- “Handback Programme”** means the programme for carrying out the Handback Works over the remainder of the Project Term describing the total works to be carried out and the method of carrying out such works during the overall period in which the Handback Works are to be executed;
- “Handback Amount”** means the estimated cost of carrying out the Handback Works.

2 On the Expiry Date, each element of the Facilities shall be in a condition which is:

- 2.1 consistent with due performance by Project Co of the Service Level Specification and Method Statements; and
- 2.2 consistent with the Facilities and each of the elements of them having been designed and constructed in accordance with the applicable design life requirements set out in paragraph [ ] of the Authority's Construction Requirements,

together referred to as (the "**Handback Requirements**").

3 Not less than [ ] prior to the Expiry Date, Project Co and the Authority's Representative shall conduct a joint inspection of the Facilities.

4 Within [ ] Business Days after the completion of the inspection, if it is found that any element of the Facilities is not in a condition consistent with the Handback Requirements, Project Co shall forthwith provide to the Authority's Representative in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*):

- 4.1 Project Co's proposal as to the Handback Works;
- 4.2 Project Co's proposal as to the Handback Programme; and
- 4.3 Project Co's estimate of the cost of the Handback Amount.
- 5 The Authority's Representative may, within [ ] Business Days after receipt of the details set out in paragraph [ REF \_Ref321838570 \w \h \\* MERGEFORMAT ] from Project Co, raise comments in accordance with paragraph [ REF \_Ref321304989 \w \h \\* MERGEFORMAT ] of Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*) on Project Co's proposals and estimate referred to in paragraph [ REF \_Ref321838640 \w \h \\* MERGEFORMAT ] above.
- 6 On agreement, or determination in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*), of the Handback Works, the Handback Programme and/or the Handback Amount (as the case may be), Project Co shall procure that the Handback Works are carried out in accordance with the Handback Programme so as to meet the Handback Requirements. Project Co shall carry out the Handback Works at its own cost notwithstanding that the actual cost of the Handback Works may be higher than the Handback Amount.
- 7 From the date of the agreement (or determination in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*)) of the matters identified in paragraph [ REF \_Ref321838814 \w \h \\* MERGEFORMAT ], the Authority shall be entitled to withhold [ ]% of each subsequent Monthly Service Payment up to the amount of the Handback Amount (the "**Withheld Amount**") and the provisions of paragraph [ REF \_Ref321838854 \w \h \\* MERGEFORMAT ] shall apply. The Authority shall pay such amounts into an interest bearing account in its own name (the "**Retention Fund**").
- 8 Project Co may elect by notice in writing to the Authority within 10 Business Days of the agreement (or determination in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*)) of the matters identified in paragraph [ REF \_Ref321838814 \w \h \\* MERGEFORMAT ] to procure the provision of a bond (the "**Handback Bond**") in favour of the Authority (and in a form acceptable to the Authority (acting in its sole discretion)) for an amount equal to the Handback Amount and from a bank or insurance company authorised to carry out business in the United Kingdom, and upon delivery of the same to the Authority, the provisions of paragraph [ REF \_Ref321838900 \w \h \\* MERGEFORMAT ] shall not apply.
- 9 Project Co shall carry out the Handback Works to the satisfaction of the Authority's Representative in accordance with Good Industry Practice and in accordance with the Handback Programme so as to meet the Handback Requirements.
- 10 Notwithstanding:
- 10.1 the agreement of the Authority's Representative to any Handback Works, the Handback Programme or the Handback Amount;



10.2 the participation of the Authority's Representative in any inspection under this Schedule; and/or

10.3 the complete or partial carrying out of the Handback Works

Project Co shall not be relieved or absolved from any obligation to conduct any other inspection or to perform any other works in accordance with the Service Level Specification and Method Statement for the [describe relevant facilities service].

11 Where this paragraph [ REF \_Ref321838854 \w \h \\* MERGEFORMAT ] applies, if and to the extent that Project Co carries out any material part of the Handback Works in accordance with paragraph [ REF \_Ref321838814 \w \h \\* MERGEFORMAT ], Project Co may make a claim for payment for the work carried out. Any such claim shall be accompanied by a certificate by Project Co setting out the works performed and the value of such works. The Authority shall be entitled to require any reasonable further evidence in respect of the valuation of the works. The Authority shall make payment of the amount of a valid claim within [ ] Business Days of the date of the claim and shall be entitled to withdraw that amount from the Retention Fund. If at any time the amount in the Retention Fund is insufficient to cover the costs claimed by Project Co, the Authority shall pay the unpaid portion of such valid claim from any amounts which subsequently stand to the credit of the Retention Fund. In the event that the amount remaining in the Retention Fund on the Expiry Date is insufficient to cover Project Co's costs which have not been paid, Project Co shall bear the balance of such costs itself.

12 Not later than [ ] Business Days before the Expiry Date, Project Co and the Authority's Representative shall conduct a joint inspection of the Facilities. Such inspection shall confirm whether or not the condition of the Facilities is in accordance with paragraph [ REF \_Ref321838640 \w \h \\* MERGEFORMAT ] above.

13 On, or within [ ] Business Days after, the Expiry Date, the Authority's Representative shall either:

13.1 issue to Project Co a Handback Certificate and return the Handback Bond or pay any balance standing to the credit of the Retention Fund (as appropriate), to Project Co; or

13.2 notify Project Co of its decision not to issue the Handback Certificate stating the reasons for such decision.

14 Any notice given by the Authority's Representative in accordance with paragraph [ REF \_Ref326741705 \r \h ] shall set out each respect in which the Handback Works have not been completed or the Facilities do not comply with the Handback Requirements and shall state the Authority's Representative's estimate of the cost of procuring that the Facilities comply in all respects with the Handback Requirements.

15 Project Co may, within [ ] Business Days after receipt of the notice given in accordance with paragraph [ REF \_Ref326741705 \r \h ] by notice to the Authority's Representative, object to any matter set out in the Authority's Representative's notice. The notice from Project Co shall give details of the grounds of such objection and shall set out Project Co's proposals in respect of such matters.

16 If no agreement is reached between Project Co and the Authority's Representative as to any matter referred to in Project Co's notice given in accordance with paragraph [ REF \_Ref321839076 \w \h \\* MERGEFORMAT ] within [ ] Business Days of receipt of that notice by the Authority's Representative, then either Project Co or the Authority's Representative may refer the matter for determination in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*) as to:

16.1 whether the Facilities comply in all respects with the Handback Requirements; and

16.2 the estimated cost of procuring that the Facilities comply in all respects with the Handback Requirements, where the Facilities do not comply in all respects with the Handback Requirements.

17 If it is agreed or determined in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*) that the Facilities did not, at the Expiry Date, comply in all respects with the Handback Requirements, Project Co shall pay to the Authority an amount equal to the estimated cost of completing such Handback Works (less, where applicable, any amounts standing to the credit of the Retention Fund at that time) or procuring that the Facilities comply in all respects with the Handback Requirements. Such payment shall be made not later than [ ] Business Days after the estimated cost has been agreed or determined and, upon such payment being received by the Authority, the Authority's Representative shall issue the Handback Certificate and return (where applicable) the Handback Bond to Project Co.

## SCHEDULE PART 19

### RECORD PROVISIONS

#### SECTION 1

#### GENERAL REQUIREMENTS

- 1 Project Co shall retain and maintain all the records (including superseded records) referred to in Section [ REF SchedulePart19Section2 \h \\* MERGEFORMAT ] (*Records to be Kept*) of this Schedule Part [ REF SchedulePart19 \h \\* MERGEFORMAT ] (*Record Provisions*) in accordance with this Section [ REF SchedulePart19Section1 \h \\* MERGEFORMAT ] (*General Requirements*) of this Schedule Part [ REF SchedulePart19 \h \\* MERGEFORMAT ] (*Record Provisions*), the requirements of Good Industry Practice, in chronological order, in a form that is capable of audit and at its own expense. Project Co shall make such records available for inspection to the Authority where it has reasonable cause for requiring such records, on giving reasonable notice shall provide such facilities as the Authority may reasonably require for its representatives to visit any place where the records are held and examine the records maintained under this Schedule Part [ REF SchedulePart19 \h \\* MERGEFORMAT ] (*Record Provisions*).
- 2 Wherever practical, original records shall be retained and maintained in hard copy form. True copies of the original records may be kept by Project Co where it is not practicable to retain original records.
- 3 Those records relating to the Project Operations (including the design, construction, development, enhancement and maintenance of the Facilities) shall be retained for the duration of the Agreement.
- 4 Financial and other records (including without limitation all information provided in support of any Change) shall be retained and maintained by Project Co for a period of at least six (6) years after the end of the Project Term in sufficient detail, in appropriate categories and generally in such a manner to enable Project Co to comply with its obligations under Clause [ REF \_Ref321320905 \w \h \\* MERGEFORMAT ] and where appropriate to enable the data in such records to be entered into the Financial Model so that the output from the Financial Model (on the basis of such data) can be directly compared with the actual financial cashflow and performance of Project Co.
- 5 Where Project Co wishes to dispose of any records maintained as provided in this Schedule Part [ REF SchedulePart19 \h \\* MERGEFORMAT ] (*Record Provisions*) which are more than fifteen (15) years old, or in respect of which the required period for their retention has expired, then Project Co shall notify the Authority and if, within forty (40) Business Days of such notice, the Authority elects to receive certain of those records, then Project Co shall deliver up such records to the Authority in the manner and at the location as the Authority shall reasonably specify, and the costs of retaining those records in safe storage and delivering up the same shall be borne by Project Co.
- 6 Subject to paragraph [ REF \_Ref321839164 \w \h \\* MERGEFORMAT ], for a period of not more than six (6) years following the termination for whatever reason of this Agreement, Project Co shall retain in safe storage all such records as are referred to in Section [ REF SchedulePart19Section2 \h \\* MERGEFORMAT ] (*Records to be Kept*) of this Schedule Part [ REF SchedulePart19 \h \\* MERGEFORMAT ] (*Record Provisions*) which were in existence at the date of termination of this Agreement. On the expiry of such period or at the earlier request of the Authority (and the Parties acknowledge that such a request shall

be deemed to have been issued by the Authority upon the occurrence of any of the events set out in Clause [ REF \_Ref321244286 \w \h \\* MERGEFORMAT ] whether prior to or following termination of this Agreement), Project Co shall deliver up all those records (or where those records are required by statute to remain with Project Co or a Contracting Associate of Project Co, copies thereof) to the Authority in the manner and at the location as the Authority shall reasonably specify. The Authority shall make available to Project Co all the records Project Co delivers up pursuant to this paragraph subject to reasonable notice. The costs of retaining those records in safe storage and delivering up the same shall be borne:

6.1 by Project Co where the termination arises as a result of a Project Co Event of Default; and

6.2 by the Authority where the termination arises for any other cause.

7 Without prejudice to the foregoing, Project Co shall provide the Authority:

7.1 as soon as they may be available and in any event within sixty (60) Business Days after the end of the first six (6) months of each financial year of Project Co which falls during the Project Term, a copy, certified as a true copy by an officer of Project Co, of its unaudited interim accounts and, if appropriate, of consolidated unaudited interim accounts of Project Co, its Subsidiaries and Holding Company (if any) which would (if Project Co were listed on the London Stock Exchange whether or not it is) be required to be sent to shareholders as at the end of and for each such six (6) month period; and

7.2 as soon as they shall have been sent to its shareholders in order to be laid before an annual general meeting of Project Co but not later than one hundred and thirty (130) Business Days after the end of each accounting reference period of Project Co part or all of which falls in a Contract Year, a copy of Project Co's audited accounts and if appropriate, of the consolidated audited accounts of Project Co and, its Associated Companies (if any), in respect of that period, prepared in accordance with the Companies Act 1985 and generally accepted accounting principles and bases in Scotland, consistently applied together with copies of all related directors' and auditors' reports and all other notices/circulars to shareholders.

8 Project Co shall provide to the Authority on 31 March, 30 June, 30 September and 31 December each year a document listing all information provided by it to the Senior Funders during the preceding three month period and, at the request of the Authority, provide to the Authority any information provided to it by the Senior Funders during the Project Term and any other information relating to the Project that the Authority may reasonably require.

9 Any drawings required to be made or supplied pursuant to this Agreement shall be of a size appropriate to show the detail to be depicted clearly without magnifying aids and shall conform to British Standards 1192 or 308 or equivalent as appropriate. Where by prior agreement the Authority has agreed to accept microfilm, microfiche or other storage media (which must include secure back up facilities), drawings and other documents shall be made or supplied in such form as has been agreed.

- 10 Upon termination or expiry of this Agreement, and in the event that the Authority wishes to enter into another contract for the operation and management of the Project, Project Co shall (and shall ensure that the sub-contractors will) comply with all reasonable requests of the Authority to provide information relating to Project Co's costs of operating and maintaining the Project.
  
- 11 Project Co shall use all reasonable endeavours to assist the Authority in its preparation of any report and/or return required pursuant to regulations, directions or guidance applicable to the Authority (in each case as amended, replaced or consolidated from time to time) or as required by external agencies including without limitation, reports and returns regarding the physical condition of the Facilities, health and safety, under the Fire (Scotland) Regulations 2005 and the Fire Safety (Scotland) Regulations 2006, relating to environmental health [and to comply with The NHS and You or any document replacing it] or required by [the Scottish Government Health Directorates,], the Scottish Government or the Scottish Futures Trust from time to time.

## SECTION 2

### RECORDS TO BE KEPT

- 1 The Design Build Finance and Maintain Agreement, its Schedule and the Project Documents including all amendments to such agreements.
  - 2 Project Co shall at all times maintain a full record of particulars of the costs of performing the Project Operations, including those relating to the design, construction, maintenance, operation and finance of the Facilities. This shall require Project Co to keep (and where appropriate to procure that the sub-contractors shall keep) books of account in accordance with best accountancy practice with respect to the Agreement showing in detail:
    - 2.1 administrative overheads;
    - 2.2 payments to Sub-Contractors and to sub-contractors;
    - 2.3 capital and revenue expenditure;
    - 2.4 such other items as the Authority may reasonably require to conduct cost audits for verification of cost expenditure or estimated expenditure, for the purpose of Clause [ REF \_Ref321241090 \w \h \\* MERGEFORMAT ], Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) and Clause [ REF \_Ref321320919 \w \h \\* MERGEFORMAT ] (*Changes in Law*).
- and Project Co shall have (and procure that the sub-contractors shall have) the books of account evidencing the items listed in paragraphs [ REF \_Ref326741775 \r \h ] to [ REF \_Ref326741782 \r \h ] available for inspection by the Authority (and any expert) upon reasonable notice, and shall present a report of these to the Authority as and when requested.
- 3 All other documents, software or other information expressly referred to in this Agreement.
  - 4 Records relating to the appointment and supersession of the Authority's Representative and Project Co's Representative.
  - 5 Project Data.
  - 6 Documents, drawings, design data or submissions raised in accordance with Schedule Part [ REF SchedulePart8 \h \\* MERGEFORMAT ] (*Review Procedure*).
  - 7 Documents relating to planning applications, consents, refusals and appeals.
  - 8 Records relating to any specialist or statutory inspections of the Facilities, including any roadways.

- 9 Notices, reports, results and certificates relating to completion of the Works and completion of the commissioning activities.
- 10 All operation and maintenance manuals and a full record of all maintenance procedures carried out during the Project Term.
- 11 Documents relating to events of Force Majeure, Delay Events and Relief Events and the consequences of the same.
- 12 All formal notices, reports or submissions made to or received from the Authority's Representative in connection with the provision of Services, the Monitoring of Performance [or the availability of the Facilities].
- 13 All certificates, licences, registrations or warranties related to the provision of Services.
- 14 Documents in support of claims for Services Payments.
- 15 Documents submitted in accordance with Schedule Part [ REF SchedulePart16 \h \\* MERGEFORMAT ] (*Change Protocol*) and all documents provided in support.
- 16 Documents related to referrals to the Dispute Resolution Procedure.
- 17 Documents related to change in ownership or any interest in any or all of the shares in Project Co and/or Hold Co.
- 18 Documents relating to the rescheduling of the indebtedness of Project Co or refinancing of the Project.
- 19 Tax invoices and records related to Value Added Tax.
- 20 Financial records, including audited and unaudited accounts of [Hold Co and] Project Co and related reports
- 21 Records required by Law (including in relation to Health and Safety matters and health and safety files prepared pursuant to CDM Regulations) and all Consents.
- 22 Documents relating to insurance and insurance claims.
- 23 All other records, notices or certificates required to be produced and/or maintained by Project Co pursuant to this Agreement or any Project Document.
- 24 Records of all persons employed by Project Co or its sub-contractors and who are wholly or mainly engaged in the delivery of Services including information equivalent to that referred to in Section 1 (*Employee Information*) of Schedule Part [ REF SchedulePart24 \h ]

*(Employment and Pensions)* and identifying any person who is a Pensionable Authority Employee].



## SCHEDULE PART 20

### DISPUTE RESOLUTION PROCEDURE

1 The procedure set out in this Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*) shall apply to any dispute, claim or difference arising out of or relating to this Agreement ("**Dispute**") except where it has been excluded from this procedure by an express term of this Agreement.

2 This Dispute Resolution Procedure shall not impose any pre-condition on either party or otherwise prevent or delay either party from commencing proceedings in any court of competent jurisdiction in relation to any Dispute in which that party requires either:

2.1 an order (whether interlocutory or final) restraining the other party from doing any act or compelling the other party to do any act; or

2.2 a decree for a liquidated sum to which there is no stateable defence.

### 3 MEDIATION

3.1 If the parties have been unable to resolve the Dispute within twenty (20) Business Days of the Dispute arising, they may (if both parties so agree) refer the Dispute to mediation on such conditions as may be agreed between the parties. Any mediation shall be completed within thirty (30) Business Days of such referral and any agreement arising therefrom shall be recorded in writing and signed by the parties and shall be binding and final to the extent set out in such agreement unless otherwise agreed.

3.2 For the avoidance of doubt, mediation shall not be a precondition to the commencement of Adjudication or court proceedings.

### 4 ADJUDICATION

4.1 Either party may at any time (notwithstanding that other dispute resolution procedures are running concurrently) give the other party to the Dispute notice of its intention to refer the Dispute to adjudication (the "**Notice of Adjudication**"). The party giving the Notice of Adjudication (the "**Referring Party**") shall by the same means of communication send a copy of the Notice of Adjudication to an adjudicator selected in accordance with paragraph [ REF \_Ref321839529 \w \h \\* MERGEFORMAT ] below or paragraph [ REF \_Ref321839631 \w \h \\* MERGEFORMAT ] (*Related Adjudicator*) below (the "**Adjudicator**").

4.2 The Adjudicator nominated to consider a Dispute referred to him shall, subject to paragraph [ REF \_Ref321839631 \r \h \\* MERGEFORMAT ], be selected on a strictly rotational basis from the relevant panel of adjudicators appointed in accordance with the following:

- 4.2.1 there shall be two (2) panels of adjudicators, one in respect of construction matters (the "**Construction Panel**") and one in respect of operational and maintenance matters (the "**Operational Panel**"). All the adjudicators on each panel shall be wholly independent of Project Co, the Authority, the relevant Sub-Contractor and any of the major competitors of Project Co or the relevant Sub-Contractor;
- 4.2.2 the Construction Panel shall be comprised of three (3) adjudicators [as identified in paragraph [ REF\_Ref321839690 \w \h \\* MERGEFORMAT ] (*Panel Members*)] [who shall be selected jointly by Project Co and the Authority. Such selections shall take place within twenty-eight (28) days of the date of this Agreement];
- 4.2.3 the Operational Panel shall be comprised of three (3) adjudicators [as identified in paragraph [ REF\_Ref321839690 \w \h \\* MERGEFORMAT ] (*Panel Members*)] [who shall be selected panel jointly by Project Co and the Authority. Such selections shall take place on or before the Actual Completion Date];
- 4.2.4 if any member of either panel resigns during the term of the Agreement, a replacement adjudicator shall be appointed by Project Co and the Authority as soon as practicable;
- 4.2.5 if Project Co and the Authority are unable to agree on the identity of [the adjudicators to be selected for the panels or] any replacement adjudicator, the Chairman (or Vice Chairman) for the time being of the Chartered Institute of Arbitrators Scottish Branch shall appoint such adjudicator(s) within seven (7) days of any application for such appointment by either party;
- 4.2.6 in the event that the first panel member is unable or unwilling to confirm acceptance of his appointment as Adjudicator or where he fails to respond within two (2) days of the date of the Notice of Adjudication, then the Referring Party shall invite the person next in line to act as Adjudicator. In the event that the second panel member is unwilling or unable to confirm acceptance of his appointment as Adjudicator within four (4) days of the date of the Notice of Adjudication or if the parties disagree as to the relevant panel of adjudicators to be used, then the Referring Party may apply to the Chairman (or Vice Chairman) for the time being of the Chartered Institute of Arbitrators Scottish Branch who shall within seven (7) days of the date of the Notice of Adjudication, nominate an Adjudicator (who shall also within the same period, confirm acceptance of his appointment as Adjudicator) to determine the Dispute described in the Notice of Adjudication;
- 4.2.7 no member of either panel shall be entitled to accept an appointment to act as Adjudicator unless he is willing also to be appointed as the adjudicator to adjudicate any dispute which:
- (a) may arise between Project Co and the Contractor and raises issues which, in the opinion of Project Co, are substantially the same as or connected with the Dispute in relation to which he has been appointed; and/or

- (b) may arise between Project Co and the Service Provider and raises issues which, in the opinion of Project Co, are substantially the same as or connected with the Dispute in relation to which he has been appointed; and/or
  - (c) may arise between Project Co and the Independent Tester and raises issues which, in the opinion of Project Co, are substantially the same as or connected with the Dispute in relation to which he has been appointed.
- 4.3 The Referring Party shall, within 7 days of the date of the Notice of Adjudication, serve its statement of case (the "**Referral Notice**") on the Adjudicator (appointed pursuant to paragraph [ REF\_Ref321839529 \w \h \\* MERGEFORMAT ]) and the other party to the Dispute (the "**Responding Party**"). The Referral Notice shall set out each element of the Referring Party's claim and the relief or remedy sought in sufficient detail so as to enable the Responding Party to understand and, where appropriate, respond to the claim and the Referral Notice shall be accompanied by copies of, or relevant extracts from, this Agreement and such other documents as the Referring Party intends to rely upon. The date of the referral of the Dispute (the "**Referral**") shall be the date of the Referral Notice.
- 4.4 Within seven (7) days of appointment in relation to a particular Dispute, the Adjudicator shall establish the procedure and timetable for the adjudication. The Adjudicator shall have absolute discretion as to how to conduct the adjudication, including whether a meeting is necessary. He shall establish the procedure and timetable subject to any limitation within this Agreement. The parties shall comply with any request or direction of the Adjudicator in relation to the adjudication.
- 4.5 The Adjudicator shall reach a decision on the Dispute within twenty-eight (28) days of the date of the Referral (or such other period as the parties may agree). The Adjudicator may extend the period of 28 days by up to 14 days with the consent of the Referring Party. Unless the parties otherwise agree, the Adjudicator shall give reasons for his decision. Unless and until the Dispute is finally determined by Court proceedings or by an agreement in writing between the parties, the Adjudicator's decision shall be binding on both parties who shall forthwith give effect to the decision.
- 4.6 The Adjudicator's costs of any reference shall be borne as the Adjudicator shall specify or, in default, equally by the parties. Each party shall bear its own costs arising out of the adjudication, including legal costs and the costs and expenses of any witnesses.
- 4.7 The Adjudicator shall be deemed not to be an arbitrator but shall render his decision as an adjudicator and the law relating to arbitration shall not apply to the Adjudicator or his determination or the procedure by which he reached his determination.
- 4.8 The Adjudicator shall act fairly and impartially and may take the initiative in ascertaining the facts and the law. The Adjudicator shall have the power to open up, review and revise any opinion, certificate, instruction, determination or decision of whatever nature given or made under this Agreement.

- 4.9 All information, data or documentation disclosed or delivered by a party to the Adjudicator in consequence of or in connection with his appointment as Adjudicator shall be treated as confidential. The Adjudicator shall not, save as permitted by Clause [ REF \_Ref321320938 \w \h \\* MERGEFORMAT ] (*Confidentiality*), disclose to any person or company any such information, data or documentation and all such information, data or documentation shall remain the property of the party disclosing or delivering the same and all copies shall be returned to such party on completion of the Adjudicator's work.
- 4.10 The Adjudicator is not liable for anything done or omitted in the discharge or purported discharge of his functions as Adjudicator unless the act or omission is in bad faith. Any employee or agent of the Adjudicator is similarly protected from liability.
- 4.10A.1 The Adjudicator may on his own initiative or on the request of the Referring Party or Responding Party correct his decision so as to remove a clerical or typographical error arising by accident or omission.
- 4.10A.2 Any correction of a decision shall be made within 5 days of the date upon which the Adjudicator's decision was delivered to the parties.
- 4.10A.3 Any correction of a decision shall form part of the decision.
- 4.11 If any Dispute raises issues which, in the opinion of Project Co, are substantially the same as or connected with issues raised in a dispute or difference arising out of or relating to any other agreement (all such agreements being referred to as the "Related Agreements") between:
- 4.11.1 Project Co and the Contractor;
- 4.11.2 Project Co and the Service Provider; and/or,
- 4.11.3 Project Co and the Independent Tester,
- which was or has been referred to adjudication (the "**Related Adjudication**") and an adjudicator has already been appointed (the "**Related Adjudicator**") then Project Co may request that the Dispute be referred to the Related Adjudicator and paragraphs [ REF \_Ref321839856 \w \h \\* MERGEFORMAT ] to [ REF \_Ref321839939 \w \h \\* MERGEFORMAT ] shall apply.
- 4.12 Subject to paragraphs [ REF \_Ref321839892 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321839939 \w \h \\* MERGEFORMAT ] below, in the event that a Related Adjudicator orders that a Dispute under this Agreement be consolidated with a Related Adjudication with which he is dealing under the Related Agreement, then:
- 4.12.1 with effect from the time of such order, the Dispute shall be determined by the Related Adjudicator, who shall become the Adjudicator; and

- 4.12.2 such order shall be binding on Project Co and the Authority and both of them shall acknowledge the appointment of the Related Adjudicator as the adjudicator of the Dispute, with Project Co or the Authority (as the case may be) using its best endeavours to procure that the third party who is a party to the Related Agreement shall with effect from the time of such order comply with the requirements of the Related Agreement (including if applicable any requirement or direction of the Related Adjudicator appointed under such Related Agreement) as to the future conduct of the determination of the Dispute and the Related Adjudication; and
- 4.12.3 notwithstanding paragraph [ REF \_Ref321839977 \w \h \\* MERGEFORMAT ], Project Co and the Authority shall be jointly responsible with the third party who is a party to the Related Agreement for the Related Adjudicator's fees and expenses including those of any specialist consultant appointed under the adjudication procedure in the Related Agreement, in respect of the period in which the Dispute is consolidated with the Related Adjudication pursuant to an order of the Related Adjudicator ("**Consolidated Adjudication Costs**"). Project Co and the Authority agree that the Related Adjudicator shall have the discretion to make directions to require Project Co, the Authority and the third party who is a party to the Related Agreement to pay or make contribution to the Consolidated Adjudication Costs in different proportions. If no such directions are made, Project Co, the Authority and the third party who is a party to the Related Agreement shall bear the Consolidated Adjudication Costs in equal shares, and if Project Co, the Authority or the third party has paid more than such equal share, that party or third party shall be entitled to a contribution from the other party, parties or third party, as the case may be.
- 4.13 Notwithstanding anything to the contrary a Dispute under this Agreement may only be consolidated with a Related Adjudication, if the Related Adjudicator receives particulars of the Dispute within ten (10) days of the referral of the Related Adjudication to the Related Adjudicator under the Related Agreement.
- 4.14 Where Project Co requests that a Dispute under this Agreement be consolidated (in terms of paragraph [ REF \_Ref321839631 \w \h \\* MERGEFORMAT ]) with a Related Adjudication and heard by the Related Adjudicator, the Dispute may only be consolidated where the Authority has previously consented in writing to the identity of the Related Adjudicator appointed in respect of the Related Adjudication. The Authority's consent to such request shall not be unreasonably withheld and if the Authority refuses to consent, it must give reasons in writing for its refusal. Should the Authority fail to respond within two (2) days of receipt of such a request it shall be deemed to have consented to the appointment of the Related Adjudicator. Where the Related Adjudicator is on the Construction Panel or Operational Panel at the time of the Referral then the Authority shall be deemed to have consented to the appointment of the Related Adjudicator.

## 5 COURT PROCEEDINGS

Subject to paragraph [ REF \_Ref321840050 \w \h ] (*Adjudication*) all Disputes, to the extent not finally resolved pursuant to the procedures set out in the foregoing provisions of this Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*), shall be referred to the Court of Session in Edinburgh.

**SUBMISSIONS IN RELATION TO ADJUDICATION**

- 6.1 If any Dispute raises issues which relate to:
- 6.1.1 any dispute between Project Co and the Contractor arising under the Construction Contract or otherwise affects the relationship or rights of Project Co and/or the Contractor under the Construction Contract (the "**Construction Contract Dispute**"); or
  - 6.1.2 any dispute between Project Co and the Service Provider arising under the Service Contract or otherwise affects the relationship or rights of Project Co and/or the Service Provider under the Service Contract (the "**Service Contract Dispute**"); or
  - 6.1.3 any dispute between Project Co and the Independent Tester arising under the Independent Tester Contract or otherwise affects the relationship or rights of Project Co and/or the Independent Tester under the Independent Tester Contract (the "**Independent Tester Contract Dispute**"),

then Project Co may include as part of its submissions made to the Adjudicator submissions made by the Contractor or by the Service Provider or the Independent Tester as appropriate.

- 6.2 Any submissions made by the Contractor or the Service Provider or the Independent Tester shall:
- 6.2.1 be made within the time limits applicable to the delivery of submissions by Project Co to the Adjudicator; and
  - 6.2.2 concern only those matters which relate to the Dispute between the Authority and Project Co arising out of this Agreement or in connection therewith.
- 6.3 Where the Contractor or the Service Provider or the Independent Tester makes submissions in any reference before the Adjudicator, the Adjudicator's costs of such reference shall be borne as the Adjudicator shall specify, or in default, one-third by the Authority and two-thirds by Project Co.
- 6.4 The Authority shall have no liability to the Contractor or the Service Provider or the Independent Tester arising out of or in connection with any decision of the Adjudicator or in respect of the costs of the Contractor or the Service Provider or the Independent Tester in participating in the resolution of any Dispute under this Agreement.
- 6.5 Project Co shall not allow the Contractor or the Service Provider or the Independent Tester access to any Confidential Information relevant to the issues in dispute between the Authority and Project Co save where:

- 6.5.1 the Confidential Information is relevant also to the issues relating to the Construction Contract Dispute or the Service Contract Dispute or the Independent Tester Contract Dispute as the case may be; and
- 6.5.2 Project Co has first delivered to the Authority a written undertaking from the Contractor and/or the Service Provider and/or the Independent Tester (as appropriate) addressed to the Authority that they shall not use any such Confidential Information otherwise than for the purpose of the dispute resolution proceedings under this Agreement and that they shall not disclose such Confidential Information to any third party other than the Adjudicator or the courts or any professional adviser engaged by the Contractor or the Service Provider or Independent Tester (as appropriate) to advise in connection with the Dispute.

**7 PANEL MEMBERS**

The panel members referred to in paragraph [ REF \_Ref321840050 \w \h ] are as follows:

Construction Panel [ ]

Operational Panel [ ]

**8 NO LOSS**

Where the Authority would otherwise be expressly liable to make payment to Project Co of sums which include amounts payable in turn by Project Co to any Sub-Contractor, the Authority shall not be entitled to withhold, reduce or avoid any such payment to Project Co in reliance only on the fact that the amount which is due from Project Co to the Sub-Contractor or the entitlement of the Sub-Contractor to payment of such amount as a result of the circumstances giving rise to the Authority's obligation to pay, is conditional on the entitlement of, or receipt of payment by Project Co from the Authority.

**9 CONTINUING OBLIGATIONS**

Unless this Agreement has already been repudiated or terminated, the parties shall, (notwithstanding that any Dispute is subject to the Dispute Resolution Procedure set out in this Schedule Part [ REF SchedulePart20 \h ] (*Dispute Resolution Procedure*)), continue to carry out their obligations in accordance with this Agreement.

**SCHEDULE PART 21**  
**PROJECT CO INFORMATION**  
**SECTION 1**  
**PROJECT CO INFORMATION**

Name :

Date of Incorporation :

Registered number :

Registered office :

Directors :

Name	Address

Secretary :

Subsidiary undertakings at the date of this Agreement :

Authorised and issued share capital at the date of this Agreement :

Name and address of registered holder	Number and class held	Amount paid up

Loan Stock at the date of this Agreement issued as follows:

Name and address of registered holder	Nominal value of Loan stock

Loan Stock Provisions :



**SECTION 2**  
**HOLD CO INFORMATION**

Name :

Date of Incorporation :

Registered number :

Registered office :

Directors :

Name	Address

Secretary :

Subsidiary undertakings at the date of this Agreement :

Authorised and issued share capital at the date of this Agreement :

Name and address of registered holder	Number and class held	Amount paid up

Loan Stock at the date of this Agreement issued as follows:

Name and address of registered holder	Nominal value of Loan stock

Loan Stock Provisions :

**SCHEDULE PART 22**

**CERTIFICATES**

**Commencement Certificate**

Issued by: [AUTHORITY]

Address: [ ]

Project Co: [PROJECT CO]

Address: [ ]

Issue date: .....

Works:

Situated at:

Design Build Finance and Maintain Agreement dated: .....

I/we certify that this is the Commencement Certificate issued pursuant to Clauses [ REF \_Ref321320947 \w \h ] (*Execution and Delivery of Documents*) and [ REF \_Ref321320952 \w \h ] (*Nature of Land Interests*) and Section [ REF SchedulePart2Section2 \h \\* MERGEFORMAT ] (*Documents to be delivered by the Authority*) of Schedule Part [ REF SchedulePart2 \h ] (*Completion Documents*) of the above mentioned Design Build Finance and Maintain Agreement.

To be signed by or for the issuer named above.

Signed .....  
[AUTHORITY]

**Handback Certificate**

Issued by: Authority's Representative

Address: [ ]

Authority: **[AUTHORITY]**

Address: [ ]

Project Co: **[PROJECT CO]**

Address: [ ]

Issue date: .....

Works :

Situated at :

Design Build Finance and Maintain Agreement dated: .....

I/we certify that the condition of the Facilities is in accordance with paragraph [ REF \_Ref321838640 \w \h ] of Schedule Part [ REF SchedulePart18 \h ] (*Handback Procedure*) of above mentioned Design Build Finance and Maintain Agreement.

To be signed by or for the issuer named above.

Signed.....  
**[AUTHORITY]**

**\*Certificate of Phase/Stage Practical Completion**

Issued by: Independent Tester – [ ]

Address: [ ]

Project Co: **[PROJECT CO]**

Address: [ ]

Authority: **[AUTHORITY]**

Address: [ ].

Contractor: **[CONTRACTOR]**

Address: [ ]

Issue date: .....

[Phase:]

Works:

Situated at:

Design Build Finance and Maintain Agreement dated: .....

Under the terms of the above-mentioned Design Build Finance and Maintain Agreement,  
I/we certify that the Actual Completion Date [for Phase No. [ ]] of the Works was achieved on [ ].

To be signed by or for the issuer named above.

Signed.....  
**[INDEPENDENT TESTER]**

**\*Commissioning Completion Certificate**

Issued by: Independent Tester – [ ]

Address: [ ]

Hold Co: **[PROJECT CO]**

Address: [ ]

Authority: **[AUTHORITY]**

Address: [ ]

Contractor: **[CONTRACTOR]**

Address: [ ]

Issue date: .....

Works:

Situated at:

Design Build Finance and Maintain Agreement dated: .....

Under the terms of the above-mentioned Design Build Finance and Maintain Agreement,

I/we certify that the Actual Commissioning End Date was achieved on [ ].

To be signed by or for the issuer named above.

Signed.....

**[INDEPENDENT TESTER]**

## SCHEDULE PART 23

### REFINANCING

#### Requirement for Authority Consent

- 1 Project Co shall obtain the Authority's prior written consent to any Qualifying Refinancing and both the Authority and Project Co shall at all times act in good faith with respect to (a) any Refinancing or (b) any potential or proposed Refinancing under Article [4] of the Articles of Association.
  
- 2 The Authority shall be entitled to receive:
  - 2.1 a 90% share of the Margin Gain arising from any Qualifying Refinancing which gives rise to a reduction in the Margin from the Margin as shown in the Senior Funding Agreements as at Financial Close (or, in the case of a second or subsequent Qualifying Refinancing, from the Margin as shown in the Senior Funding Agreements as updated at the immediately preceding Qualifying Refinancing);
  
  - 2.2 a share of any Refinancing Gain (arising otherwise than from a reduction in Margin) from a Qualifying Refinancing, in respect of any Refinancing Gain (when considered in aggregate with all previous Qualifying Refinancings) as follows:
    - 2.2.1 for a Refinancing Gain from £1 up to £1 million, a 50% share;
  
    - 2.2.2 for a Refinancing Gain from £1 million up to £3 million, a 60% share;
  
    - 2.2.3 for a Refinancing Gain in excess of £3 million, a 70% share.
  
- 3 The Authority shall not withhold or delay its consent to a Qualifying Refinancing to obtain a greater share of the Refinancing Gain than that specified in paragraph [ REF\_Ref321840479 \w \h \\* MERGEFORMAT ] above.

#### Project Co Details

- 4 Project Co shall promptly provide the Authority with full details of any proposed Qualifying Refinancing, including a copy of the proposed financial model relating to it (if any) and the basis for the assumptions used in the proposed financial model. The Authority shall (before, during and at any time after any Refinancing) have unrestricted rights of audit over any financial model and documentation (including any aspect of the calculation of the Refinancing Gain) used in connection with the Refinancing whether that Refinancing is a Qualifying Refinancing or not.

#### Receipt of Gain

- 5 The Authority shall have the right to elect to receive its share of any Refinancing Gain (including any Margin Gain) as:

- 5.1 a single payment being the proportion (corresponding to the proportion of the Refinancing Gain to which the Authority is entitled pursuant to paragraph [ REF \_Ref321840479 \w \h \\* MERGEFORMAT ] above) of the amount which, but for the provisions of this Schedule Part [ REF SchedulePart23 \h \\* MERGEFORMAT ], would otherwise be capable of being released as a Distribution and/or a Surplus Payment on or about the date of the Refinancing;
- 5.2 a reduction in the Annual Service Payments over the remaining term of this Agreement; or
- 5.3 a combination of the above.

### **Method of Calculation**

- 6 The Authority and Project Co will negotiate in good faith to agree the basis and method of calculation of the Refinancing Gain (including any Margin Gain) and payment of the Authority's share of the Refinancing Gain (taking into account how the Authority has elected to receive its share of the Refinancing Gain under paragraph [ REF \_Ref321840553 \w \h \\* MERGEFORMAT ] (Receipt of Gain) above). If the parties fail to agree the basis and method of calculation of the Refinancing Gain or the payment of the Authority's share, the dispute shall be determined in accordance with Schedule Part [ REF SchedulePart20 \h \\* MERGEFORMAT ] (*Dispute Resolution Procedure*).

### **Costs**

- 7 The Refinancing Gain (including any Margin Gain) shall be calculated after taking into account any breakage costs necessary to facilitate the Qualifying Refinancing together with the reasonable and proper professional costs that each party directly incurs in relation to the Qualifying Refinancing and on the basis that all reasonable and proper professional costs incurred by the Authority will be paid to the Authority by Project Co within twenty eight (28) days of any Qualifying Refinancing. Such costs shall be allocated pro rata between the Margin Gain (if any) and the remaining Refinancing Gain.
- 8 Without prejudice to the other provisions of this Schedule Part [ REF SchedulePart23 \h \\* MERGEFORMAT ] (*Refinancing*), Project Co shall:
  - 8.1 notify the Authority of all Notifiable Financings on becoming aware of the same and again when they are entered into and provide full details of the same; and
  - 8.2 include a provision in the Funding Agreements (other than the Subordinated Funding Agreements) whereby it is entitled to be informed of any proposals which the Senior Funders may have to refinance the Funding Agreements (other than the Subordinated Funding Agreements).

### **Definitions**

In this Schedule Part [ REF SchedulePart23 \h ] (*Refinancing*) and elsewhere in this Agreement (save where Schedule Part [ REF SchedulePart1 \h ] (*Definitions and Interpretation*) provides to the contrary) the following words and expressions shall have the following meanings:

**“Distribution”**

means:

- (a) whether in cash or in kind, any:
  - i. dividend or other distribution in respect of share capital (whether made validly in accordance with the Articles of Association or otherwise);
  - ii. reduction of capital, redemption or purchase of shares or any other reorganisation or variation to share capital;
  - iii. payments under the [Subordinated Funding Agreements] (whether of principal, interest, breakage costs or otherwise);
  - iv. payment, loan, contractual arrangement or transfer of assets or rights to the extent (in each case) it was put in place after Financial Close and was neither in the ordinary course of business nor on reasonable commercial terms;
  - v. the receipt of any other benefit which is not received in the ordinary course of business and on reasonable commercial terms; or
- (b) the early release of any Contingent Funding Liabilities, the amount of such release being deemed to be a gain for the purposes of any calculation of Refinancing Gain;

**“EEA”**

means from time to time the European Economic Area as created by The Agreement on the European Economic Area 1992 or any successor or replacement body, association, entity or organisation which has assumed either or both the function and responsibilities of the European Economic Area;

**“Exempt Refinancing”**

means:

- (a) any Refinancing that was fully taken into account in the calculation of the Annual Service Payments;
- (b) a change in taxation or change in accounting treatment;
- (c) the exercise of rights, waivers, consents



and similar actions which relate to day to day administrative and supervisory matters, and which are in respect of:

- i. breach of representations and warranties or undertakings;
- ii. movement of monies between the [Project Accounts] in accordance with the terms of the Senior Funding Agreements as at Financial Close;
- iii. late or non-provision of information, consents or licences;
- iv. amendments to Sub-Contracts;
- v. approval of revised technical and economic assumptions for financial model runs (to the extent required for forecasts under the Funding Agreements);
- vi. restrictions imposed by Senior Funders on the dates at which the [Senior Debt] can be advanced to Project Co under the Senior Funding Agreements and/or amounts released from [Escrow Account] during the [Initial Availability Period], each as defined in the Senior Funding Agreements and which are given as a result of any failure by Project Co to ensure that the construction work is performed in accordance with the agreed construction programme and which is notified in writing by Project Co or the Senior Funders to the Authority prior to being given;
- vii. changes to milestones for drawdown and/or amounts released from the [Escrow Account] during the [Initial Availability Period] set out in the Senior Funding Agreements and which are given as a result of any failure by Project Co to ensure that construction work is performed in accordance with the agreed construction programme and which is notified in writing by Project Co or the Senior Funders to the Authority prior to being given;
- viii. failure by Project Co to obtain any

consent by statutory bodies required by the Senior Funding Agreements; or

- ix. voting by Senior Funders and the voting arrangements between the Senior Funders in respect of the levels of approval required by them under the Senior Funding Agreements;
- (d) any amendment, variation or supplement of any agreement approved by the Authority as part of any Qualifying Change under this Agreement;
- (e) any sale of shares in Project Co [or HoldCo] by the shareholders or securitisation of the existing rights and/or interests attaching to shares in Project Co [or HoldCo provided that this paragraph (e) shall, in respect of shares in HoldCo, only apply for so long as HoldCo holds 100% of the issued share capital of Project Co];
- (f) any sale or transfer of the Subordinated Funders' existing rights and/or interests under the Subordinated Funding Agreements or securitisation of the Subordinated Funders' existing rights and/or interests under the Subordinated Funding Agreements; or
- (g) any Qualifying Bank Transaction;

**“Insurance Undertaking”**

has the meaning given in the rules from time to time of the Financial Services Authority;

**“Margin”**

[define by reference to Senior Funding Agreements;]

**“Margin Gain”**

means an amount equal to the lower of:

- (a) the Refinancing Gain; and
- (b) the higher of:
  - i. zero; and
  - ii.  $D - E$ ;

where:

$D$  = the Net Present Value of the Surplus

Payments projected immediately prior to the Refinancing (taking into account the effect of the change in Margin only in relation to the Refinancing and the senior debt repayment profile immediately prior to the Qualifying Refinancing and using the Financial Model as updated (including as to the performance of the Project) so as to be current immediately prior to the Refinancing but disregarding any Distribution (including any payment under clause [ ] of the [Loan Stock Agreement]) that, but for the Refinancing, would not be made) to be made over the remaining term of this Agreement following the Refinancing; and

E = the Net Present Value of the Surplus Payments projected immediately prior to the Refinancing (but without taking into account the effect of the Refinancing and using the Financial Model as updated (including as to the performance of the Project) so as to be current immediately prior to the Refinancing) to be made over the remaining term of this Agreement following the Refinancing;

**“Net Present Value”**

means the aggregate of the discounted values, calculated as at the relevant date, of each of the relevant projected cashflows, in each case discounted at [7]%;

**“Notifiable Financings”**

means any Refinancing described in paragraphs (a) or (c) of the definition of Refinancing and any other arrangement which has or would have a similar effect or which has or would have the effect of limiting Project Co's or any Associated Company's ability to carry out any such refinancing or other arrangements that would have a similar effect;

**“Project Accounts”**

means accounts referred to in and required to be established under the Senior Funding Agreements;

**“Qualifying Bank Transaction”**

means:

- (a) the syndication by a Senior Funder, in the ordinary course of its business, of any of its rights or interests in the Senior Funding Agreements;
- (b) the grant by a Senior Funder of any rights of participation, or the disposition by Senior Funder of any of its rights or interests (other than as specified in paragraph (a) above in respect of the Senior Funding Agreements in favour of:
  - i. any other Senior Funder;

- ii. any institution which is recognised or permitted under the law of any member state of the EEA to carry on the business of a credit institution pursuant to Council Directive 2006/48/EC relating to the taking up and pursuit of business of credit institutions or which is otherwise permitted to accept deposits in the United Kingdom or any other EEA member state;
  - iii. a local authority or public authority;
  - iv. a trustee of a charitable trust which has (or has had at any time during the previous two years) assets of at least £10 million (or its equivalent in any other currency at the relevant time);
  - v. a trustee of an occupational pension scheme or stakeholder pension scheme where the trust has (or has had at any time during the previous two years) at least 50 members and assets under management of at least £10 million (or its equivalent in any other currency at the relevant time);
  - vi. an EEA or Swiss Insurance Undertaking;
  - vii. a Regulated Collective Investment Scheme;
  - viii. any Qualifying Institution; or
  - ix. any other institution in respect of which the prior written consent of the Authority has been given; and/or
- (c) the grant by a Senior Funder of any other form of benefit or interest in either the Senior Funding Agreements or the revenues or assets of Project Co [or HoldCo], whether by way of security or otherwise, in favour of:
- i. any other Senior Funder;
  - ii. any institution specified in paragraphs [ REF \_Ref326741964 \r \h ][ REF \_Ref326741953 \r \h ] to [ REF \_Ref326741964 \r \h ]

REF\_Ref326741995 \r \h ] above;

- iii. any Qualifying Institution; or
- iv. any other institution in respect of which the prior written consent of the Authority has been given;

**“Qualifying Institutions”**

means [ ];

**“Qualifying Refinancing”**

means any Refinancing that will give rise to a Refinancing Gain greater than zero that is not an Exempt Refinancing;

**“Refinancing”**

means:

- (a) any amendment, variation, novation, supplement or replacement of any Funding Agreement (other than any Subordinated Funding Agreement);
- (b) the exercise of any right, or the grant of any waiver or consent, under any Funding Agreement (other than any Subordinated Funding Agreement);
- (c) the disposition of any rights or interests in, or the creation of any rights of participation in respect of, the Funding Agreements (other than the Subordinated Funding Agreements) or the creation or granting of any other form of benefit or interest in either the Funders' Agreements (other than the [Subordinated Funding Agreements]) or the contracts, revenues or assets of Project Co whether by way of security or otherwise; or
- (d) any other arrangement put in place by Project Co or another person which has an effect which is similar to any of (a)-(c) above or which has the effect of limiting Project Co's or any Associated Company's ability to carry out any of (a)-(c) above;

**“Refinancing Gain”**

means an amount equal to the greater of zero and  $[(A - B)]$ , where:

A = the Net Present Value of the Surplus Payments projected immediately prior to the Refinancing (taking into account the effect of the Refinancing using the Financial Model as updated (including as to the performance of the Project) so as to be current immediately prior to the Refinancing but disregarding any Distribution (including any payment under clause [ ] of the [Loan Stock

Instrument]) that, but for the Refinancing, would not be made) to be made over the remaining term of this Agreement following the Refinancing; and

B = the Net Present Value of the Surplus Payments projected immediately prior to the Refinancing (but without taking into account the effect of the Refinancing and using the Financial Model as updated (including as to the performance of the Project) so as to be current immediately prior to the Refinancing) to be made over the remaining term of this Agreement following the Refinancing;

**“Regulated Collective Investment Scheme”**

has the meaning given in the rules from time to time of the Financial Services Authority;

**“Shareholder”**

means any person from time to time holding share capital in Project Co or [HoldCo].

**SCHEDULE PART 24**  
**SECTION 1**  
**EMPLOYEE INFORMATION**

**SECTION 2**  
**BULK TRANSFER ASSUMPTIONS**



**SECTION 3**  
**PROPOSED WORKFORCE INFORMATION**

SCHEDULE PART 25  
INSURANCE PROCEEDS ACCOUNT AGREEMENT

**AGREEMENT**

**AMONG:**

- (1) [PROJECT CO] of [ ] (the "**Issuer**"); and
- (2) [AUTHORITY] (the "**Authority**");
- (3) [FUNDER] of [ ] (the "**Account Bank**"); and
- (4) [TRUSTEE] of [ ] (the "**Security Trustee**").

**WHEREAS**

- (A) The Issuer and the Authority have agreed to open an insurance proceeds account in their joint names.
- (B) The parties hereto have agreed to set out the terms on which payments may be made to or from that account in this Agreement.

**IT IS AGREED** as follows:

**1 [DEFINITIONS AND INTERPRETATION]**

<b>"Credit Provider"</b>	means [ ];
<b>"Design, Build, Finance and Maintain Agreement"</b>	means the agreement dated [ ] between the Project Co and the Authority in relation to [ ];
<b>"Event of Default"</b>	has the meaning given in Clause [ REF _Ref321320996 \w \h \* MERGEFORMAT ] of this Agreement;
<b>"Qualifying Bank"</b>	means any institutions which is recognised or permitted under the law of any member state of the EEA to carry on the business of a credit institution pursuant to Council Directive 2006/48EC relating to the taking up and pursuit of the business of credit institutions or which is otherwise permitted to accept deposits in the United Kingdom or any other EU member state;
<b>"Senior Finance Documents"</b>	means [ ];
<b>"Security Documents"</b>	means [ ].

1.1 Capitalised terms defined in the Design Build Finance and Maintain Agreement shall have the same meaning in this Agreement.]

1.2 **European Economic and Monetary Union**

In the event that the United Kingdom joins EMU any figures expressed in "£" and "sterling" under this Agreement shall be converted into Euro at the rate for conversion of sterling into Euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations) and any reference to a figure in "£" or "Sterling" shall mean that figure adjusted into Euro.

2 **INSURANCE PROCEEDS ACCOUNT**

Each of the Issuer and the Authority (together the "**Account Holders**") hereby appoint [ ] as the Account Bank.

2.1 The Account Bank has opened on its books, at its office at [ ], an account in the joint names of the Account Holders designated the Authority Insurance Proceeds Account (the "Account").

2.2 The Account Bank shall, save as otherwise provided herein, maintain the Account in accordance with its usual practices, provided that, in the event of any conflict between the provisions of this Agreement and any applicable mandate, the provisions of this Agreement shall prevail.

2.3 Notwithstanding anything else in this Agreement, no person shall request or require that any withdrawal be made from the Account if it would cause the Account to become overdrawn and to the extent that any withdrawal (if made in full) would cause the Account to become so overdrawn, such withdrawal shall be made in part in as great an amount as possible as will not result in such Account becoming overdrawn.

2.4 Where any withdrawal required under this Agreement cannot be made in its entirety, the Account Bank shall promptly notify both of the Account Holders of that fact and provide details of the payment not made, the date on which it should have been made and the amount unpaid.

2.5 Each amount from time to time standing to the credit of the Account shall bear interest at the rate agreed between the Account Bank and the Account Holders from time to time, such interest to be credited to the Account in respect of which such interest has accrued in accordance with the relevant mandate.

2.6 Subject to and in accordance with the provisions of this Agreement, including without limitation Clause [ REF \_Ref321320981 \w \h \\* MERGEFORMAT ] (*General Provisions for the Account*) of this Agreement, the Account Bank agrees that it shall make such payments out of the amount standing to the credit of the Account as may from time to time be requested by the Account Holders jointly subject to the restrictions as contained in this Agreement. Save as otherwise

provided in this Agreement, no party shall be entitled to require the Account Bank to make, and the Account Bank shall not make, any payment out of the amount standing to the credit of the Account.

- 2.7 Subject to Clause [ REF \_Ref321321021 \w \h \\* MERGEFORMAT ] of this Agreement, the Account Holders shall maintain the Account with the Account Bank until the termination of the Design Build Finance and Maintain Agreement. If so instructed after the termination of the Design Build Finance and Maintain Agreement, the Account Bank shall, at the sole cost and expense of the Issuer, terminate the Account in accordance with the relevant instructions and pay any amount standing to the credit of such accounts as the Account Holders may elect in accordance with Clause [ REF \_Ref321842329 \w \h \\* MERGEFORMAT ] of this Agreement.

### 3 RECEIPTS AND PAYMENTS

- 3.1 The Account may only be used in accordance with the terms of and for the purposes set out in this Clause [ REF \_Ref321321012 \w \h \\* MERGEFORMAT ] (*Receipts and Payments*).
- 3.2 The Account shall be used for receiving, to the extent required by Clause [ REF \_Ref321321028 \w \h \\* MERGEFORMAT ] (*Insurance*) of the Design Build Finance and Maintain Agreement, the proceeds of all Insurances (as defined in the Design Build Finance and Maintain Agreement).
- 3.3 Subject to restrictions set out in this Agreement, the Account shall only be used for applying the proceeds of the Authority Insurances in accordance with Clause [ REF \_Ref321321028 \w \h \\* MERGEFORMAT ] (*Insurance*) of the Design Build Finance and Maintain Agreement either directly or indirectly by way of the reimbursement to the Issuer of costs or expenses incurred or monies paid by it (or on its behalf) in or towards satisfaction of the reinstatement restoration or replacement requirements of that Clause [ REF \_Ref321321028 \w \h \\* MERGEFORMAT ] (*Insurance*). In the event that any amount standing to the credit of the Account is not so required to be applied, such amount shall (subject to Clause [ REF \_Ref321321063 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321320996 \w \h \\* MERGEFORMAT ] below) be paid by the Account Bank to the Receipts Account, or as otherwise instructed by the Security Trustee pursuant to Clause [ REF \_Ref321320996 \w \h \\* MERGEFORMAT ] below.

### 4 GENERAL PROVISIONS FOR THE ACCOUNT

- 4.1 Subject to Clauses [ REF \_Ref321321063 \w \h \\* MERGEFORMAT ] and [ REF \_Ref321320996 \w \h ] below, and provided that:
- 4.1.1 the Account Bank has received notice in writing from two signatories, one of which shall be an authorised signatory of the Issuer and the other an authorised signatory of the Authority, as listed under the applicable mandate that such payment is authorised under this Agreement; and

4.1.2 no notice has been given to the Account Bank by the Credit Provider prior to the making of such payment or transfer of an Event of Default which is subsisting and the Account Bank has no actual notice that an Event of Default will occur as a result of the making of any such payment or transfer,

the Account Bank agrees that it shall only make payments or transfers from the Account on the request of the Account Holders.

4.2 The Authority undertakes to provide notice to the Account Bank as prescribed in Clause [ REF \_Ref321321094 \w \h \\* MERGEFORMAT ] for, the purposes of applying any part of the balance standing to the credit of the Account in accordance with Clause [ REF \_Ref321321104 \w \h \\* MERGEFORMAT ] of this Agreement.

Each of the Account Bank and the Issuer shall be entitled to treat any act of the authorised signatory of the Authority as being expressly authorised by the Authority and neither the Account Bank nor the Issuer shall be required to determine whether an express authority has in fact been given.

4.3 No payments or transfers from the Account shall be made after an Event of Default which is continuing until the Credit Provider has confirmed to the Account Bank that such payment or transfer may be made except as expressly permitted under this Agreement. The Account Bank shall not be under any obligation to investigate the compliance of any payment with this Agreement.

4.4 All amounts withdrawn from the Account for transfer to another account or for application in or towards making a specific payment or meeting a specific liability shall be transferred to that account or applied in or towards making that payment or meeting that liability, and for no other purpose.

4.5 Notwithstanding any other provision of this Agreement, at any time following the occurrence of any Event of Default (as defined in Schedule Part [ REF SchedulePart4 \h \\* MERGEFORMAT ] (*Funders' Direct Agreement*) of the Design Build Finance and Maintain Agreement) which is continuing and has not been waived or remedied, the Security Trustee may at any time give notice to the Account Bank instructing it not to act on the instructions of or at the request of the Issuer in relation to any sums at any such time standing to the credit of the Account. Without prejudice to the foregoing, the Account Bank agrees that it shall pay any amount standing to the credit of the Account and payable to the Issuer in accordance with Clause [ REF \_Ref321321104 \w \h \\* MERGEFORMAT ] of this Agreement to such a bank account as the Security Trustee shall direct following the occurrence of any Event of Default. The Account Bank agrees that it shall not so act and shall act on the instructions of the Security Trustee in place of the Issuer.

4.6 In establishing the balance standing to the credit of the Account at any time, the Account Bank may take into account credits to and withdrawals from such Account which are to be made on such day.

## 5 QUALIFYING BANK

If at any time the Account Bank ceases to be a Qualifying Bank, the Account Holders shall promptly open or cause to be opened a new account with a Qualifying Bank on the same terms as the Account and the Account Holders shall take all such action as may be required to open the new account.

## 6 CHARGES

The charges of the Account Bank (if any) for the operation of the Account shall be for the account of the Account Holders in equal amounts and shall be debited from the balance standing to the credit of the Account as from time to time agreed between the Account Bank, the Authority and the Issuer.

## 7 MANDATES

Each of the Account Holders will deliver to the Account Bank on or prior to the date hereof the applicable mandate together with authorised signature lists for both the Issuer and the Authority.

## 8 THE ACCOUNT BANK

8.1 The Account Bank may:

8.1.1 engage and pay reasonable fees for the advice or services of any lawyers, accountants or other experts whose advice or services may to it seem necessary, expedient or desirable and rely upon any advice so obtained;

8.1.2 rely upon any communication or document believed by it to be genuine and, in particular, rely upon any notice, request or other communication of the Account Holders for the purposes of this Agreement if such notice, request or other communication purports to be signed or sent by or on behalf of an authorised signatory of the Account Holders;

8.1.3 assume that no Event of Default has occurred unless it has actual notice to the contrary; and

8.1.4 assume that all conditions for the making of any payment out of the amount standing to the credit of the Account which is specified in the Design Build Finance and Maintain Agreement or any of the Senior Finance Documents has been satisfied, unless it has actual notice to the contrary.

8.2 Notwithstanding anything to the contrary expressed or implied herein and subject to Clause [ REF \_Ref321321127 \w \h \\* MERGEFORMAT ] (*Insurance Proceeds Account*) of this Agreement (*Insurance Proceeds Account*), the Account Bank shall not:

- 8.2.1 be bound to enquire as to the occurrence or otherwise of an Event of Default or be affected by notice of any of the same except by reason of and to the extent expressly provided in this Agreement;
- 8.2.2 be bound to account to any other party hereto for any sum or the profit element of any sum received by it for its own account;
- 8.2.3 save as provided in this Agreement be bound to disclose to any other person any information relating to any other party hereto;
- 8.2.4 be under any fiduciary duty towards any other party hereto or under any obligations other than those for which express provision is made in this Agreement;
- 8.2.5 have any responsibility to ensure that the information set out in any instructions received by it hereunder are correct or to check or enquire as to or otherwise be affected by whether any condition has been or will be met or fulfilled or any instruction is properly given on behalf of the person from whom it purports to be given or any instruction is given properly other than to exercise the bankers duty of care; or
- 8.2.6 have any responsibility to any party if any instruction which should be given by the Account Holders to the Account Bank under or in connection with this Agreement is for any reason not received by the Account Bank or is not made at the time it should be made.
- 8.3 The Account Bank does not have and does not accept any responsibility for the accuracy and/or completeness of any information (other than statements provided in accordance with Clause [ REF \_Ref321321140 \w \h \\* MERGEFORMAT ] of this Agreement (*Acknowledgements by the Account Bank*)) and the Account Bank shall not be under any liability as a result of taking or omitting to take any action in relation to the Account, save in the case of negligence or wilful misconduct or breach of its obligations under this Agreement.
- 8.4 Each of the other parties hereto agrees that it will not assert or seek to assert against any director, officer or employee of the Account Bank any claim it might have against the Account Bank in respect of the matters referred to in Clause [ REF \_Ref321321152 \w \h \\* MERGEFORMAT ] above.
- 8.5 The Account Bank may accept deposits from, lend money to, invest in and generally engage in any kind of banking or other business with the Account Holders, the Shareholders and any other party to any of the Project Documents.
- 8.6 The Account Bank may, at any time, (without assigning any reason therefor) notify the Account Holders in writing that it wishes to cease to be a party hereto as Account Bank (a "**cessation notice**"). Upon receipt of a cessation notice the Account Holders may nominate a Qualifying Bank as a successor to the Account Bank (a "**successor Account Bank**"). If no such nomination is made before the date specified in the cessation notice as being the date on which the Account Bank wishes to cease to be a party hereto (the "cessation date") (which date shall

be a Business Day falling not less than thirty (30) days after the date of delivery of the cessation notice to the Account Holders) then the Account Bank may nominate a Qualifying Bank as successor Account Bank itself.

8.7 If a successor Account Bank is nominated under the provisions of Clause [ REF \_Ref321321021 \w \h \\* MERGEFORMAT ] above, then on the cessation date, provided the successor Account Bank has executed and delivered to the Account Holders a deed of novation in such form as the Account Holders may require undertaking to become a party to and bound by the terms and conditions of this Agreement and to become a party to such other documents as may be required by the Security Trustee in order to perfect the security created by the Senior Finance Documents:

8.7.1 the successor Account Bank shall open on its books at its principal office an account equivalent to that described in Clause [ REF \_Ref321321127 \w \h \\* MERGEFORMAT ] of this Agreement and any amounts standing to the credit of the Account shall be transferred to the corresponding one of such account;

8.7.2 any reference in the Design Build Finance and Maintain Agreement or any Senior Finance Document to the Account shall be deemed to refer to the corresponding account opened pursuant to Clause [ REF \_Ref321321189 \w \h \\* MERGEFORMAT ];

8.7.3 the Account Bank shall cease to be a party hereto as Account Bank and shall cease to have any obligation hereunder in such capacity (but without prejudice to any accrued liabilities under this Agreement and its obligations under this Clause [ REF \_Ref321321197 \w \h \\* MERGEFORMAT ] (*The Account Bank*)) (but shall remain entitled to the benefit of the provisions of this Clause [ REF \_Ref321321197 \w \h \\* MERGEFORMAT ] (*The Account Bank*)); and

8.7.4 the successor Account Bank and each of the other parties hereto shall have the same rights and obligations amongst themselves as they would have had if such successor Account Bank had been an original party hereto as Account Bank.

## 9 ACKNOWLEDGEMENTS BY THE ACCOUNT BANK

9.1 Notwithstanding anything to the contrary in any applicable mandate, the Account Bank hereby waives so far as it may validly and lawfully do so any right it has or may hereafter acquire to combine, consolidate or merge the Account with any other account of the Account Bank, Account Holders or the Security Trustee or any other person or with any liabilities of Account Holders or the Security Trustee or any other person to the Account Bank. In addition, the Account Bank agrees so far as it may validly and lawfully do so that it may not set off, combine, withhold or transfer any sum standing to the credit of the Account in or towards satisfaction of any liabilities to the Account Bank of the Account Holders, the Security Trustee or any other person.



9.2 After the date hereof and until the Account Bank has been notified by the Account Holders of the termination of the Design Build Finance and Maintain Agreement or until the Account Bank ceases to be a party to this Agreement pursuant to the provisions of Clause [ REF \_Ref321321210 \w \h \\* MERGEFORMAT ] above, the Account Bank shall provide each of the Account Holders and the Security Trustee with statements in respect of the Account, such statement to be supplied in accordance with any reasonable request therefore by the Account Holders.

## 10 ASSIGNATION

The Account Holders may not assign any of their rights under this Agreement or in relation to the Account otherwise than pursuant to the Security Documents or as permitted under the Design Build Finance and Maintain Agreement. The Security Trustee may assign its rights under this Agreement to a successor Security Trustee appointed in accordance with the Security Trust and Intercreditor Deed and shall promptly give notice of any such assignation to the Account Bank. The Account Bank shall not be entitled to novate (except in accordance with Clause [ REF \_Ref321321210 \w \h ] above) or assign all or any part of its rights under this Agreement.

## 11 SECURITY TRUSTEE

The Security Trustee is party hereto solely for the purpose of receiving the benefits and exercising the rights specifically allocated to it under the terms of this Agreement.

## 12 FURTHER ASSURANCE

The parties hereto agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or reasonably desirable to give full effect to the arrangements contemplated by this Agreement, subject to any such party being reimbursed to its satisfaction for any costs, expenses (including VAT) liabilities or fees reasonably incurred by it in the negotiation, preparation or execution of any such further documents.

## 13 AMENDMENTS

The provisions of this Agreement may not be amended (otherwise than in accordance with the terms hereof) except by written agreement between all the parties hereto.

## 14 NOTICES

14.1 Each communication to be made hereunder shall be made in writing and, unless otherwise stated, may be made by facsimile or letter delivered by registered post or courier.

14.2 Any communication or document to be made or delivered by one person to another pursuant to or in connection with this Agreement shall (unless that other person has by ten days' written notice to the other specified another address) be made or delivered to that other person at the address set out below identified with

its signature below or identified with its signature in any deed of novation and shall be deemed to have been made or delivered:

14.2.1 (in the case of any communication made by letter) when delivered to that address; or

14.2.2 (in the case of any communication by facsimile) when transmission of such facsimile communication has been received in legible form and receipt has been confirmed, and communication verified, by telephone,

provided that (a) if such communication or document would otherwise be deemed to have been received on a day which is not a Business Day it shall be deemed to have been received on the next subsequent Business Day, (b) if any communication is made or document is delivered to the Security Trustee, such communication or document shall be effective only if the same is expressly marked for the attention of the officer identified the Security Trustee, as the case may be, below (or such other officer as the Credit Provider or the Security Trustee, as the case may be, shall from time to time specify for this purpose) and (c) if any communication or document is made or delivered to the Account Bank or the Security Trustee, such communication or document shall be effective only when received by the Account Bank, or the Security Trustee.

14.3 Notice to the Account Bank at any other office than the address shown beside its execution of this Agreement or such substitute address notified in accordance with Clause [ REF \_Ref321321228 \w \h \\* MERGEFORMAT ] above shall not constitute notice to the Account Bank unless agreed in writing by the Account Bank by reference to this Agreement.

## 15 MISCELLANEOUS

The parties hereto each acknowledge that the Security Trustee when acting hereunder shall be acting in accordance with and subject to the terms of the Security Trust and Intercreditor Deed.

## 16 GOVERNING LAW AND JURISDICTION

This Agreement is governed by, and shall be construed in accordance with, Scottish law.

## 17 THIRD PARTY RIGHTS

Save to the extent expressly provided in this Agreement, it is expressly declared that no rights shall be conferred under and arising out of this Agreement upon any person who is not a party to this Agreement and, without prejudice to the foregoing generality, there shall not be created by this Agreement a jus quaesitum tertio in favour of any person whatsoever.

**IN WITNESS WHEREOF:**

## SCHEDULE PART 26

### COMMERCIALLY SENSITIVE INFORMATION

Where information or material falls within more than one category identified in column 1 of the table below, it shall be deemed to fall within the category whose corresponding period of confidentiality identified in column 2 of the table below will expire the soonest.

Category of Information/Material	Period for which information is to be kept confidential
Financial Model (as at Financial Close)	From the Effective Date until the date falling 2 years after the [first Phase] Actual Completion Date
Financial Model (amended from time to time in accordance with this Agreement)	From the date of the relevant Financial Model until the date falling 2 years after the later of: <ul style="list-style-type: none"> <li>- the [first Phase] Actual Completion Date; and</li> <li>- the date on which the amendments to Financial Model are agreed in accordance with this Agreement</li> </ul>
Prices within the Catalogue of Small Works and Services	Period during which the relevant prices are applicable
Small Works and Services Rates	Period during which the relevant Small Works and Services Rates are applicable
Project Co bank account information	Project Term
[IRR]	In the case of the [IRR] contained in the Financial Model as at Financial Close from the Effective Date until the date falling 2 years after the [first Phase] Actual Completion Date  In the case of the [IRR] contained in the Financial Model as amended from time to time in accordance with this Agreement, from the date of the relevant Financial Model until the date falling 2 years after the later of: <ul style="list-style-type: none"> <li>- the [first Phase] Actual Completion Date; and</li> <li>- the date of the Financial Model containing the relevant information</li> </ul>
Ancillary Documents	Project Term
Funding Agreements	Project Term
Information about Project Co's processes, methodologies, working methods and information relating to the development of new processes and methodologies which amounts to a trade secret or which, if	Trade secrets – Project Term  All other cases – 5 years from the date on which the information is produced to the Authority

disclosed, could reasonably be considered to provide a commercial advantage to Project Co's competitors	
Breakdown of prices within the overall contract price (to the extent not disclosed within the Financial Model)	Project Term
Information on Project Co's costing mechanisms including information obtained from Project Co relating to project risks and pricing of the same and cost information relating to third party contractors and the Sub-Contractors	Project Term
Financial term sheets and related funding information including any funder pricing	2 years from the date on which the information is produced to the Authority
Information relating to the appointment of Project Co as the preferred bidder to the Project (including the preferred bidder letter and correspondence and minutes relating to the same)	Until the date falling 2 years after the [first Phase] Actual Completion Date
Information contained within or relating to Project Co's bid for the Project except as otherwise listed in this Schedule Part [ REF SchedulePart26 \h \* MERGEFORMAT ] ( <i>Commercially Sensitive Information</i> ) or otherwise provided in the Agreement	Until the date falling 2 years after the [first Phase] Actual Completion Date