

Schedule 5

Milestones

Part 1 - Milestones

Instructions for completing Schedule 5 (Milestones):

1. The total funding (£35,346,934) is to be divided into 14 (fourteen), corresponding to the division of the Eligible Area into 14 (fourteen) "Milestone Areas" set out in Part 2 of this Schedule. Each of the Milestone Areas have within them a Type 0, Type 1a, Type 1b, Type 2 and Type 3 Milestone creating a total of seventy (70) Milestones.

2. The Milestone Completion Payments for each Milestone shall be apportioned on basis set out in this paragraph 2.

- 2.1 In relation to Milestones Type 0 (Survey), the Milestone Completion Payment shall be (withheld) of the amount of total funding apportioned to the Milestone Area to which that Milestone relates, as follows:

Milestone Completion Payment = A × (withheld)

where:

"A" = the amount of funding apportioned to the relevant Milestone Area.

- 2.2 In relation to Milestones which are Type 1a (Infrastructure Build), the Milestone Completion Payment shall be calculated as follows:

Milestone Completion Payment = A × (withheld) × (B ÷ (B + C))

where:

"A" = the amount of funding apportioned to the relevant Milestone Area;
and

"B" = the number of Passed Premises which the Contractor commits to receive NGA coverage (based on the Authorities' definition of NGA set out in Requirement 4 of Schedule 2 (Authorities' Requirements)) in the relevant Milestone Area; and

"C" = the number of Passed Premises which the Contractor commits to receive USC coverage (based on the Authorities' definition of USC set out in Requirement 2 of Schedule 2 (Authorities' Requirements)) in the relevant Milestone Area.

2.3 To ease cash flow, the Type 1a (Infrastructure Build) Milestones have been further divided into a series of nine Interim Milestones. These are intended as triggers to allow claims to be made up to the total Type 1a Milestone Completion Payment for each Milestone Area (calculated under paragraph 2.2 above) in advance of the full deployment of NGA in any given Milestone Area. The Milestone Completion Payment for the Type 1a Milestone is itself not apportioned between the Interim Milestones. However, in the event the total Type 1a Milestone Completion Payment (calculated under paragraph 2.2 above) has been claimed prior to the completion of all Interim Milestones, no further subsidy will be provided for the remaining Interim Milestones and any failure to complete the Type 1a Milestone by the Milestone Completion Longstop Date (being a date falling three (3) months from the Milestone Completion Date set out in the Milestone table) will be treated as a Contractor Default.

2.4 In relation to Milestones which are Type 1b (Infrastructure Build), the Milestone Completion Payment shall be calculated as follows:

$$\text{Milestone Completion Payment} = A \times (\text{withheld}) \times (C \div (B + C))$$

where:

"A" = the amount of funding apportioned to the relevant Milestone Area;
and

"B" = the number of Passed Premises which the Contractor commits to receive NGA coverage in the relevant Milestone Area; and

"C" = the number of Passed Premises which the Contractor commits to receive USC coverage in the relevant Milestone Area.

2.5 In relation to Milestones which are Type 2 (Wholesale Access Products and Services), the Milestone Completion Payment shall be (withheld) of the amount of total funding apportioned to the Milestone Area and further apportioned by MS1a and MS1b to which that Milestone relates, as follows:

Milestone Completion Payment = A × (withheld)

where:

"A" = the amount of funding apportioned to the relevant Milestone Area.

- 2.6 In relation to Milestones which are Type 3 (Take Up), the Milestone Completion Payment shall be (withheld) of the amount of total funding apportioned to the Milestone Area to which that Milestone relates, as follows:

Milestone Completion Payment = A × (withheld)

where:

"A" = the amount of funding apportioned to the relevant Milestone Area.

- 2.7 It is a requirement that no individual Milestone Completion Payment should be for an amount of less than (withheld)
- 2.8 The Contractor must complete column 10 of the Milestone table with the Subsidy Cap for each Milestone.
- 2.9 The Contractor is required to complete column 8 of the Milestone table with the proportion of Premises in each Milestone that will be passed by satellite technology. This figure will be used as a cap for the completion of the Type 1b (Infrastructure Build) Milestone in each Milestone Area, provided always that the total aggregated proportion of Premises in the Eligible Area that will be passed by satellite technology to achieve the overall solution is not permitted to exceed (withheld) within the Herefordshire Eligible Area or within the Gloucestershire Eligible Area.
3. The Contractor shall, by a date falling no later than nine (9) Months following the Implementation Commencement Date, complete in full columns 4 and 10 of the table below in accordance with the instructions set out at paragraphs 1 and 2 above provided that the total sum of those columns and amounts to be paid by the Authorities to the Contractor under this Agreement shall not exceed thirty five million, three hundred and forty six thousand nine hundred and thirty four pounds sterling (£35,346,934.00). The Contractor shall complete column 8 following the completion of its detail

design/planning at Milestone 0 for each Milestone Area in accordance with the requirements set out in paragraph 2.9 above.

4. Subject to the provisions of paragraph 5 below, if, as a result of the detailed planning work conducted for Milestone 0 in each Milestone Area, the Contractor determines that it is necessary to amend the information in columns 4, 5, 9 & 10 in the table below for that Milestone Area then the Contractor shall introduce a Contractor Change pursuant to paragraph 3 of Schedule 15 (Change Protocol) provided that if the Authorities rejects the Contractor Change then the Contractor may refer the matter to be resolved pursuant to clause 46 (Dispute Resolution Procedure).
5. Provided always that, if, as a result of the detailed planning work conducted for Milestone 0 in each Milestone Area, the Contractor determines that it is necessary to amend the information in columns 4, 5, 9 and 10 in the table below for that Milestone Area and:
 - 5.1 Withheld
 - 5.2 Withheld
 - 5.3 Withheld (the “**Tolerable Variance**”)

then the Contractor shall report such required amendments to the Authorities.

6. If the Tolerable Variance applies then the Contractor shall be entitled to carry out the Implementation Works with those amended figures and/or dates in columns 4, 5, 9 and 10 and the provisions of this Agreement shall be interpreted as if those amended figures and/or dates are in the table below, provided always that any amendment to the figures or dates in columns 4, 5, 9 and 10 under the Tolerable Variance shall not have the effect of:
 - 6.1 Reducing the Required NGA Coverage;
 - 6.2 Reducing the Required USC Coverage;

- 6.3 Requiring the Implementation Works to be completed by a date falling later than (withheld) for Gloucestershire and a date falling later than (withheld) for Herefordshire; or
- 6.4 Causing the sum of all Milestone Completion Payments to exceed thirty five million, three hundred and forty six thousand nine hundred and thirty four pounds sterling (£35,346,934.00).

Remainder withheld

Part 2 - Milestone Areas

Withheld