

DATED

2012

HEREFORDSHIRE COUNCIL

GLOUCESTERSHIRE COUNTY COUNCIL

AND

BRITISH TELECOMMUNICATIONS PUBLIC
LIMITED COMPANY

BORDERS BROADBAND PROJECT

**SCHEDULES TO THE PROJECT
AGREEMENT FOR THE PROVISION OF
BROADBAND IN THE HEREFORDSHIRE
AND GLOUCESTERSHIRE AREA**

Ashfords

www.ashfords.co.uk

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Schedule 1 - Conditions Precedent

Part A

Contractor Conditions Precedent

Documents to be delivered and Conditions Precedent to be satisfied by the Contractor

Unless an original document is specifically referred to in this Part A, a copy (certified by an officer of the Contractor as being a true copy) of each of the documents in this Part A Appendix (I) is to be delivered by the Contractor to the Authorities (in a form that is satisfactory to the Authorities) in accordance with clause 2.1.1 of this Agreement. The items listed below shall only be considered to be satisfied when the Authorities have confirmed in writing that the documents delivered are in a form satisfactory to it or, where no document needs to be delivered, that the relevant condition precedent has, in the Authorities' opinion, been satisfied.

Appendix (I)

Conditions Precedent to be satisfied by the Contractor on or prior to the Commencement Date

1. Withheld
2. The Contractor's Certificate of Incorporation.
3. Not used.
4. An original duly executed copy of this Agreement.
5. The Business Plan.
6. The Deployment Plan.
7. The Operational Plan.
8. The Marketing Plan.
9. Withheld
10. Withheld
11. Withheld
12. Withheld
- 12.1 Withheld
13. Withheld
14. Withheld
- 15.1 Withheld

Appendix (II)

Conditions Precedent to be delivered by the Contractor on or before the CP Longstop Date

1. Withheld

Part B

Authorities' Conditions Precedent

Documents to be delivered by the Authorities

Unless an original document is specifically referred to in this Part B, a copy (certified by an officer of the relevant Authority as being a true copy) of each of the documents in this Part B Appendix (I) and Appendix (II) is to be delivered by the Authorities to the Contractor (in a form that is satisfactory to the Contractor) in accordance with clauses 2.1.2 and 2.2.2 of this Agreement. The items listed below shall only be considered to be satisfied when the Contractor has confirmed in writing that the documents delivered are in a form satisfactory to it or, where no document needs to be delivered, that the relevant condition precedent has, in the Contractor's opinion, been satisfied.

Appendix (I)

Conditions Precedent to be delivered by the Authority on or prior to the Commencement Date

1. Extracts from the minutes of the meeting of the Cabinet(s) of Herefordshire and Gloucestershire approving the execution, delivery and performance of this Agreement and each other document referred to at paragraphs 2 and 3 of this Appendix (I) and in each case authorising a named person or persons or class of persons to execute and deliver each such document and any other documents to be delivered by it pursuant to them.
2. Original duly executed copy of this Agreement.
3. Certified copy of the executed Grant Agreement.

Appendix (II)

Conditions Precedent to be delivered by the Authorities on or before the CP Longstop

Date

1. Written approval decision from the European Commission under Article 4.3 of Council Regulation 659/99 pursuant to which the Project is compatible with Article 107(3) (c) of the Treaty on the Functioning of the European Union.
2. Written acceptance from both Authorities that the conditions attached to the written approval received from the European Commission for the Project (set out in paragraph 1 above) are acceptable to the Authorities and that the Authorities are satisfied that the contents of Schedule 26 (State Aid Method Statement) ensure that the conditions attached to the approval will be met for the Project.

Schedule 2 - Authorities' Requirements

Please find the parts of Schedule 2 that can be released in a separate attached document.

Part 2

Additional USC Premises

Withheld

Schedule 3 - Method Statements

Schedule 3 withheld

Schedule 4 - Warranties

Part 1

The Warranties referred to in clause 5 are that:

1. The Contractor is validly authorised and the obligations expressed as being assumed by it under this Agreement constitute valid legal and binding obligations on its part enforceable against it in accordance with its terms.
2. Neither the execution of this Agreement by the Contractor nor the performance or observation of any of its obligations under it will:
 - 2.1 conflict with or result in any breach of any Law or enactment or any deed, agreement or other instrument, obligation or duty to which the Contractor is bound; or
 - 2.2 cause any limitation on any of the powers whatsoever of the Contractor or on the right or ability of the directors of the Contractor to exercise such powers, to be exceeded.
3. The Contractor is not in default of any Law or enactment or any deed, agreement or other instrument or obligation by which it is bound so as to affect adversely its ability to perform its obligations under this Agreement.
4. Unless specifically provided for otherwise in the Agreement, the Contractor will obtain all consents, required in connection with the execution, delivery, issue, validity or enforceability of this Agreement and none have been withdrawn.
5. To the best of the Contractor's knowledge, there is no litigation or administrative or arbitration proceeding before any court, tribunal, Government authority or arbitrator presently taking place in any country pending or (to their respective knowledge, information and belief) threatened against, or against any of the Contractor's assets which might have a material adverse effect on its business, assets, condition or operations or might affect adversely its ability to perform its respective obligations under this Agreement.
6. All information documents and accounts relating to the Contractor submitted to the Authorities in relation to the appointment of the Contractor under this Agreement are true and accurate and no change has occurred since the date on which such information was supplied which renders the same untrue or

misleading in any respect and that there has been no material adverse change in the Contractor's business, assets, operations or prospects since such information was provided.

7. The Contractor is not aware, after due inquiry, of anything which materially threatens the carrying out of the Implementation Works and/or the provision of the Wholesale Broadband Provision.
8. No petition has been filed, notice has been given, resolution passed, step taken or an order has been made for or in connection with the winding up of the Contractor or for any step taken for a provisional liquidator to be appointed in respect of the Contractor.
9. No petition has been filed, notice has been given, resolution passed or administration order has been made for or in connection with placing the Contractor into administration, nor has any administrator been appointed in respect of the Contractor, nor has any such notice to appoint an administrator been given, nor have any steps been taken by any person (including the Contractor or its directors) to appoint any such administrator.
10. No person has appointed or threatened to appoint a receiver (including any administrative receiver) in respect of the Contractor or any of its assets nor have any steps been taken by any person to appoint a receiver (including administrative receiver).
11. The Contractor is not insolvent, nor unable to pay its debts within the meaning of section 123 Insolvency Act 1986, nor suspended or threatened to suspend payment of its debts.
12. The Contractor has not commenced negotiations with all or any class of its creditors with a view to rescheduling any of its debts, nor make a proposal for or entered into any compromise or arrangement with its creditors, nor any voluntary arrangement has been made for a composition of debts nor has a scheme of arrangement been proposed or approved under the Insolvency Act 1986 or the Companies Act 2006.
13. No circumstances have arisen (so far as the Contractor is aware) which are likely to result in:

- 13.1 a contract or transaction to which the Contractor is a party which has an impact on the Contractor's ability to deliver the Project being set aside; or
- 13.2 a third party claim involving any asset owned or used by the Contractor being made under sections 238 or 339 (transactions at an undervalue) or 239 or 340 (Preferences) Insolvency Act 1986.
- 14. All staff assigned to the carrying out of the Implementation Works and/or performance of the Wholesale Broadband Provision possess and exercise such qualifications, skills and experience as are necessary for the proper carrying out of the Implementation Works and/or performance of the Wholesale Broadband Provision or are appropriately supervised.
- 15. The Contractor warrants and on behalf of its Group warrants that it has not entered into and it shall not enter into (and shall procure that no member of its Groups shall enter into) in performance of this Agreement any, or be a party to any, transaction, series of transactions, scheme or arrangement:
 - 15.1 where it could reasonably be determined that the sole or main purpose or one of the main purposes is to avoid a liability to tax or to produce a tax loss with no corresponding commercial loss nor enter into any transaction where there is a risk that the Contractor could be liable to tax or increased tax as a result of the *Furniss v Dawson* line of cases; or
 - 15.2 which will involve or include any:
 - 15.2.1 notifiable arrangement as defined in section 306 of the Finance Act 2004, the Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2004 (SI 2004/1863) or the Stamp Duty Land Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2005 (SI 2005 1868); or
 - 15.2.2 notification to HM Revenue & Customs by virtue of the Finance Act 2004, Clause 58A and Schedule 11A of the Value Added Tax Act 1994, the Value Added Tax (Disclosure of Avoidance Schemes) Regulations 2004 or Value Added Tax (Disclosure of Avoidance Schemes) Order 2004.
 - 15.3 For the purpose of this Schedule 4 (Warranties), "tax" shall mean all forms of taxation and statutory, governmental, state, federal, provincial, local,

government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities wherever chargeable and whether of the UK or any other jurisdiction; and any penalty, fine, surcharge, interest, charges or costs relating thereto, and "taxation" shall have the same meaning, and "Group" has the same meaning given to it in Part 4 of the Taxation (International and Other Provisions) Act 2010.

16. The Contractor warrants and undertakes to the Authorities that it has and will throughout the duration of this Agreement have in place adequate procedures (as referred to in section 7(2) of the Bribery Act 2010) designed to prevent persons associated with the Contractor from bribing any person with the intention of obtaining or retaining business for the Contractor or with the intention of obtaining or retaining an advantage in the conduct of business for the Contractor.

Schedule 5 - Milestones

Please find Schedule 5 (Milestones) in a separate attached document

Schedule 6 - Milestone Completion Requirements

Capitalised terms and expressions used in this Schedule 6 (Milestone Completion Requirements) shall have the meaning given to them in clause 1 (Definitions and Interpretation), Schedule 2 (Authorities' Requirements), Schedule 5 (Milestones), Schedule 8 (Testing) and Schedule 12 (Payment Mechanism) of this Agreement.

1. In respect of Milestones which are Type 0 (Survey), the "Milestone Completion Requirements" for the purposes of Schedule 8 (Testing Procedures) and Schedule 12 (Payment Mechanism) shall be the requirements set out at Annex A (Type 0 (Survey) MCRs) of this Schedule 6 (Milestone Completion Requirements).
2. In respect of Milestones which are Type 1a (Infrastructure Build), the "Milestone Completion Requirements" for the purposes of Schedule 8 (Testing Procedures) shall be the requirements set out at Annex B (Type 1a (Infrastructure Build) MCRs) of this Schedule 6 (Milestone Completion Requirements).
3. In respect of Interim Milestones forming part of Type 1a (Infrastructure Build) Milestones the "Milestone Completion Requirements" for the purposes of Schedule 8 (Testing Procedures) and Schedule 12 (Payment Mechanism) shall be the requirements set out at Annex F (Interim Milestones MCRs) of this Schedule 6 (Milestone Completion Requirements).
4. In respect of Milestones which are Type 1b (Infrastructure Build), the "Milestone Completion Requirements" for the purposes of Schedule 8 (Testing Procedures) and Schedule 12 (Payment Mechanism) shall be the requirements set out at Annex C (Type 1b (Infrastructure Build) MCRs) of this Schedule 6 (Milestone Completion Requirements).
5. In respect of Milestones which are Type 2 (Wholesale Access Products and Services), the "Milestone Completion Requirements" for the purposes of Schedule 8 (Testing Procedures) and Schedule 12 (Payment Mechanism) shall be the requirements set out at Annex D (Type 2 (Wholesale Access Products and Services) MCRs) of this Schedule 6 (Milestone Completion Requirements).
6. In respect of Milestones which are Type 3 (Take Up), the "Milestone Completion Requirements" for the purposes of Schedule 8 (Testing

Procedures) and Schedule 12 (Payment Mechanism) shall be the requirements set out at Annex E (Type 3 (Take Up) MCRs) of this Schedule 6 (Milestone Completion Requirements).

Annex A - Type 0 (Survey) MCRs

Milestone Completion Requirements

1. Acceptance by the Authorities that the Contractor has completed all surveys required in relation to the Implementation Works within the Milestone Area to which the Milestone relates.
2. Acceptance by the Authorities that the Contractor has completed detailed designs in relation to the Implementation Works within the Milestone Area to which the Milestone relates.
3. Withheld

Annex B - Type 1a (Infrastructure Build) MCRs

Milestone Completion Requirements

1. Acceptance by the Authorities that the Test Outcomes have been met for all infrastructure deployed under the relevant Milestone.
2. Withheld
3. Withheld

Annex C - Type 1b (Infrastructure Build) MCRs

Milestone Completion Requirements

1. Acceptance by the Authorities that the Test Outcomes have been met for all infrastructure deployed under the relevant Milestone.
2. Withheld
3. Withheld
4. Withheld

Annex D - Type 2 (Wholesale Access Products and Services) MCRs

Milestone Completion Requirements

1. Evidence that Milestone Acceptance Certificates have previously been issued in respect of all Type 0, Type 1a or Type 1b Milestones across the Milestone Area.
2. Acceptance by the Authorities that at least one (1) End User within the Eligible Area of the Milestone Area is able to place an order, so a CP can purchase Wholesale Access Products and Services across the Network.
3. Withheld

Annex E - Type 3 (Take Up) MCRs

Milestone Completion Requirements

1. Evidence that Milestone Acceptance Certificates have been issued for all Type 0, Type 1a and Type 1b Milestones across the Milestone Area.
2. Acceptance by the Authorities that at least ten percent (10%) of Premises within the Eligible Area of the Milestone Area to which the Milestone relates are using Wholesale Access Products and Services over the Network.
3. Withheld

Annex F - Interim Milestone MCRs

Milestone Completion Requirements

1. Acceptance by the Authorities that the Test Outcomes have been met for all infrastructure deployed under the relevant Interim Milestone.
2. Withheld
3. Withheld

Schedule 7 - Prohibited Materials

Any products or materials not in conformity with relevant British Standards or Codes of Practice or which at the time of specification or use are widely known to telecommunications contractors or members of the relevant design profession within the United Kingdom to be deleterious to health or 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.

Schedule 8 - Testing Procedures

1. Definitions

- 1.1 For the purposes of this Agreement, capitalised terms shall have the meaning given to them in clause 1 (Definitions and Interpretation) of this Agreement and the following terms shall bear the following meanings:

"Deliverable" means an item, feature or service associated with the Implementation Works which forms part of a Milestone and which is required to be delivered by the Contractor at a Planned Milestone Completion Date as set out in the Deployment Plan;

"Milestone Acceptance Certificate" means a Provisional Milestone Acceptance Certificate which has been either:

- (a) approved, endorsed and issued by the Authorities pursuant to paragraph 12 of this Schedule 8 (Testing Procedures); or
- (b) deemed approved, endorsed and issued pursuant to the Dispute Resolution Procedure following a determination that the Contractor has achieved Milestone Completion in respect of the relevant Milestone;

"Milestone Completion Requirements" means the requirements set out in Schedule 6 (Milestone Completion Requirements) which must be satisfied in order for the Contractor to achieve Milestone Completion in respect of a Milestone;

"Provisional Milestone Acceptance Certificate" means a certificate materially in the form of the document contained in Appendix B to this Schedule 8 (Testing Procedures) which has been issued by the Contractor following Milestone

	Completion in respect of a Milestone but which has not become a Milestone Acceptance Certificate;
"Tests" and "Testing"	means any tests which are required to be performed in relation to any Milestone pursuant to this Schedule 8 (Testing Procedures);
"Test Description"	each description of the Tests associated with a Milestone which sets out the manner in which the Contractor is to perform the Tests in order to demonstrate that the Test Outcomes have been satisfied, as described in more detail in paragraph 6 of this Schedule 8 (Testing Procedures);
"Test Issue"	any variance or non-conformity of a Deliverable from the relevant Test Outcome;
"Test Issue Management Log"	a log for the recording of Test Issues as described further in paragraph 9.2 of this Schedule 8 (Testing Procedures);
"Test Outcome"	means the required outcome for each Test to demonstrate the relevant technology is working correctly as described in more detail in paragraph 6 of this Schedule 8 (Testing Procedures);
"Test Report"	a report setting out the results of any Tests which shall include the information set out in paragraph 8.5 of this Schedule 8 (Testing Procedures);
"Test Strategy"	a strategy for the conduct of Testing as described further in Appendix A (Test Strategy) to this Schedule 8 (Testing Procedures); and
"Test Witness"	means any person appointed by the Authorities pursuant to paragraph 10.1 of this Schedule 8

(Testing Procedures).

2. Introduction

- 2.1 This Schedule sets out the approach to Testing and the different Testing activities to be undertaken.

3. Risk

- 3.1 The issue (or deemed issue) of a Milestone Acceptance Certificate or acceptance of the Test Outcomes shall not operate to transfer any risk that the Milestone is complete or that it will satisfy the Authorities' Requirements for that Milestone.

4. Testing Overview

- 4.1 All Tests shall be conducted by the Contractor in accordance with the Test Strategy and the Test Descriptions.

- 4.2 The Contractor shall not submit any Deliverables for Testing:

4.2.1 unless it is reasonably confident that they will satisfy successfully the relevant Test Outcomes and until a Milestone Acceptance Certificate has been agreed (or deemed agreed) in respect of any prior, dependant Milestones;

4.2.2 until the Parties have agreed the Test Descriptions and Test Outcomes relating to those Deliverables; and

4.2.3 unless it has provided the Authorities with at least five (5) Business Days' notice in writing by email certifying that the relevant Deliverables are ready for Testing.

- 4.3 Not used.

- 4.4 Prior to the issue of a Milestone Acceptance Certificate, the Authorities shall be entitled to review the relevant Test Reports and the Test Issue Management Log.

- 4.5 The provisions of clause 37 (Extensions of Time) shall apply to Testing.

4.6 Any disputes between the Authorities and the Contractor regarding this Testing Procedure shall be referred to the Dispute Resolution Procedure.

4.7 The Contractor shall issue Provisional Milestone Acceptance Certificates without unreasonable delay.

5. **Test Strategy**

5.1 The Test Strategy has been agreed by the Parties prior to the Commencement Date and is attached to this Schedule 8 (Testing Procedures) as Appendix A (Test Strategy).

6. **Test Descriptions**

6.1 The Contractor shall develop each Test Description and Test Outcome for the approval of the Authorities as soon as practicable.

6.2 Each Test Description shall include as a minimum:

6.2.1 the relevant Test definition and the purpose of the Test and confirmation of the technology to which it relates;

6.2.2 the specific Test Outcomes to be satisfied to demonstrate the Deliverables have been met and how these will be measured;

6.2.3 a detailed procedure for the Tests to be carried out, including:

(a) the mechanism for ensuring the quality, completeness and relevance of the Tests;

(b) details of any data required to implement the Tests;

(c) the process which the Authorities and the Contractor will implement to review and resolve Test Issues on a timely basis;

(d) the re-Test procedure, the timetable and the resources which would be required for re-Testing; and

(e) the decision making process for escalation from a re-Test situation to specific remedial action to resolve the Test Issue;

6.2.4 expected Test results, including:

- (a) a mechanism to be used to capture and record Test results;
and
- (b) a method to process the Test results to establish their
content.

6.3 The Authorities shall not unreasonably withhold or delay their approval of the Test Descriptions or the Test Outcomes and the Contractor shall implement any reasonable requirements of the Authorities in relation to the Test Descriptions and the Test Outcomes.

7. **Not Used**

8. **Testing**

8.1 Before submitting any Deliverables for Testing the Contractor shall subject the relevant Deliverables to its own internal quality control measures.

8.2 The Contractor shall manage the progress of Testing in accordance with the Test Strategy and shall carry out the Tests in accordance with the relevant Test Description. Tests may be witnessed by the Test Witnesses in accordance with paragraph 10 (Test Witnessing).

8.3 Subject to paragraph 10.1 (Test Witnessing) and paragraph 11.1 (Outcome of Testing), the Contractor shall notify the Authorities in writing at least five (5) Business Days (or such other period as the Parties may agree) in advance of the date, time and location of the relevant Tests and the Authorities shall inform the Contractor whether any Test Witnesses will attend the Tests.

8.4 The Authorities may raise and close Test Issues during the Test Witnessing process.

8.5 On completion of Testing the Contractor will provide the Authorities with a Test Report. Each Test Report shall provide a full report on the Testing conducted in respect of the relevant Deliverables, including:

8.5.1 an overview of the Testing conducted;

8.5.2 identification of the relevant Test Outcomes which have been met;

- 8.5.3 identification of the relevant Test Outcomes that have not been met together with the Contractor's explanation of why those Test Outcomes have not been met;
 - 8.5.4 the Tests that were not completed together with the Contractor's explanation of why those Tests were not completed;
 - 8.5.5 the Test Outcomes that passed, failed or which were not Tested, and any other relevant categories, in each case grouped by severity level in accordance with paragraph 9.1 (Test Issues); and
- 8.6 In the event that a Deliverable does not meet the relevant Test Outcomes, the provisions of paragraph 11 (Outcome of Testing) shall apply.
9. **Test Issues**
- 9.1 Not used.
- 9.2 Where a Test Report identifies a Test Issue the Test Issue shall be entered into the Test Management Log.
- 9.3 The Contractor shall be responsible for maintaining the Test Issue Management Log and for ensuring that its contents accurately represent the current status of each Test Issue at all relevant times. The Contractor shall make the Test Issue Management Log available to the Authorities upon request.
- 9.4 The Authorities' Representative shall confirm the classification of any Test Issue unresolved at the end of a Test in consultation with the Contractor. If the Parties are unable to agree the classification of any unresolved Test Issue, the Dispute shall be dealt with in accordance with the Dispute Resolution Procedure.
10. **Test Witnessing**
- 10.1 The Authorities may, in their sole discretion, require the attendance at any Test of one or more witnesses ("**Test Witnesses**"). Test Witnesses will be selected by the Authorities or will be an Authority Related Party, each of whom will have appropriate skills to fulfil the role of a Test Witness.
- 10.2 The Contractor shall give the Test Witnesses access to any documentation and Testing environments reasonably necessary and requested by the Test Witnesses to perform their role as a Test Witness in respect of the relevant Tests.

- 10.3 The Test Witnesses may be required to verify that the Contractor conducted the Tests in accordance with the relevant Test Description and that the Test Outcomes have been met.
- 10.4 The Test Witnesses may produce and deliver their own, independent reports on Testing, which may be used by the Authorities to assess whether the Tests have been successfully completed and that the Test Outcomes have been met.
- 10.5 The Test Witnesses may raise Test Issues on the Test Issue Management Log in respect of any Testing.
- 10.6 The Test Witnesses may require the Contractor to demonstrate the modifications made to any defective Deliverable before a Test Issue is closed.

11. Outcome of Testing

- 11.1 If the Deliverables (or any relevant part) associated with a Test do not satisfy the Test Outcomes then the Contractor shall rectify the cause of the failure and re-submit the Deliverables (or the relevant part) to Testing in accordance with this Schedule 8 (Testing Procedures).

12. Milestone Acceptance Certificates

- 12.1 Where all of the Milestone Completion Requirements in respect of a Milestone have been satisfied the Contractor shall issue a Provisional Milestone Acceptance Certificate.
- 12.2 The Authorities shall, within ten (10) Business Days of receipt of a Provisional Milestone Acceptance Certificate either:
 - 12.2.1 accept the Provisional Milestone Acceptance Certificate by endorsing and issuing the same to the Contractor (at which point such Provisional Milestone Acceptance Certificate shall be agreed to be a Milestone Acceptance Certificate); or
 - 12.2.2 reject the Provisional Milestone Acceptance Certificate, stating the reasons as to why the Authorities consider that the relevant Milestone Completion Requirements have not been satisfied.
- 12.3 If the Authorities reject a Provisional Milestone Acceptance Certificate in accordance with paragraph 11.3.2 then:

- 12.3.1 if the Contractor agrees with the Authorities' reasons for rejection, the Contractor shall rectify the cause of the failure; and
- 12.3.2 if the rejection of the Provisional Milestone Acceptance Certificate is due to a failure of the Tests relating to that Milestone meeting the Test Outcomes then the Contractor shall re-submit the relevant Deliverables to Testing in accordance with this Schedule 8 (Testing Procedures); or
- 12.3.3 if the Contractor disputes the Authorities' reasons for rejection, the matter shall be referred for determination in accordance with clause 46 (Dispute Resolution Procedure).

Appendix A - Test Strategy

Withheld

Appendix B - Milestone Acceptance Certificate

To: [The Authorities]

FROM: [Contractor]

[Date]

Dear Sirs,

MILESTONE ACCEPTANCE CERTIFICATE

Milestone: *[insert description of Milestone¹]*

We refer to the agreement ("**Agreement**") relating to the provision of Implementation Works and Wholesale Broadband Provision between Herefordshire Council and Gloucestershire County Council (the "**Authorities**") and [•] ("**Contractor**") dated [•].

The definitions for terms capitalised in this certificate are set out in clause 1 (Definitions) to the Agreement.

We confirm that all of the Milestone Completion Requirements relating to Milestone Number [•] have been successfully achieved in accordance with the provisions of this Agreement relevant to this Milestone.

Please sign and date this Milestone Acceptance Certificate in accordance with the provisions of paragraph 12 of Schedule 8 (Testing Procedures), in which case this shall be deemed to be a Milestone Completion Certificate, or otherwise notify us that the issuing of the Milestone Acceptance Certificate is in Dispute.

Yours faithfully

[Name]

[Position]

acting on behalf of the [Contractor]

¹ Note: This will relate to the Milestones set out in Schedule 5 (Milestones) and the descriptions therein.

We hereby confirm on behalf of the Authorities that the Milestone Completion Requirements have been met for this Milestone and that this is a Milestone Completion Certificate.

[Name]

[Position]

acting on behalf of the Authorities

Schedule 9 - Management Groups and Meetings

1. Operational Meetings

- 1.1 The Contractor and the Authorities shall arrange a meeting not less than once in every ten (10) Business Days or such other period as agreed between the Parties during the Term (each an "**Operational Meeting**") at a time and date agreed by the Parties. Where applicable, any Operational Meeting shall take place not more than ten (10) or less than five (5) Business Days prior to the date of the Project Board Meeting for the relevant Quarter in which the Project Board Meeting takes place.
- 1.2 The Operational Meetings shall be held either by conference call or in person in which case at the Herefordshire Council Plough Lane Offices in Hereford or County Hall in Gloucester (or such other location as the Authorities (acting reasonably) may notify to the Contractor in writing from time to time).
- 1.3 At the Operational Meetings, the attendees shall:
 - 1.3.1 review the performance of the Contractor of its obligations under this Agreement, including:
 - (a) a review of the Contractor's performance against the Planned Milestone Completion Dates, the actual Milestone Completion Dates and the achievement of Milestone Acceptance Certificates;
 - (b) not used;
 - (c) a discussion of the Contractor's health and safety issues;
 - (d) discuss the possibilities for continual improvement of the Contractor's delivery of the Implementation Works and/or the Wholesale Broadband Provision; and
 - (e) a review of the most recent progress reports submitted in accordance with Schedule 13 (Monitoring and Reporting).
 - 1.3.2 review and where possible agree any issues that have been referred to it by the Contractor's Representative and/or the Authorities' Representative; and

- 1.3.3 be entitled to refer any matter discussed at the Operational Meetings for discussion at a Project Board Meeting.
- 1.4 The Authority shall be entitled to invite and require the attendance of some or all of the following individuals, where the agenda and topics for discussion require it, to attend the Operational Meetings:
 - 1.4.1 the Contractor's Representative;
 - 1.4.2 Network Solutions Manager;
 - 1.4.3 BT Programme Manager;
 - 1.4.4 BT Finance/Audit Manager;
 - 1.4.5 BT Programme Director; and
 - 1.4.6 the Authorities' Project Director, Operations Manager, Technical Manager and Accountant.

2. **Project Board Meetings**

- 2.1 The Contractor and the Authorities shall arrange a meeting once in every Quarter during the Term (each a "**Project Board Meeting**") at a time and date agreed by the Parties.
- 2.2 Either Party shall have the right to require an interim Project Board Meeting (in addition to those referred to above) if the matter is urgent or if the matter relates to the failure of the Contractor to achieve a Milestone by the relevant Planned Milestone Completion Date or any other matter deemed to be material by the Senior Responsible Offer.
- 2.3 Each Project Board Meeting shall be held at the Herefordshire Council Plough Lane Offices in Hereford or County Hall in Gloucester (or such other location as the Authorities (acting reasonably) may notify to the Contractor in writing from time to time).
- 2.4 At the Project Board Meeting the attendees shall:
 - 2.4.1 review and discuss general progress;

- 2.4.2 review the performance of the Contractor under this Agreement, including the review of the Contractor's performance against the Performance Standards;
 - 2.4.3 review and discuss the most recent Dashboard Report;
 - 2.4.4 not used;
 - 2.4.5 review and discuss the Marketing Plan;
 - 2.4.6 review and where possible agree any issues that have been referred to it from the Operational Meetings; and
 - 2.4.7 review the reports received under the provisions of Schedule 13 (Monitoring and Reporting).
- 2.5 The Authority shall be entitled to invite and require the attendance of some or all of the following individuals, where the agenda and topics for discussion require it, to attend the Project Board Meetings:
- 2.5.1 the Contractor's Representative
 - 2.5.2 Network Solutions Manager;
 - 2.5.3 BT Programme Manager;
 - 2.5.4 BT Finance/Audit Manager;
 - 2.5.5 BT Programme Director;
 - 2.5.6 the Executive Head of Herefordshire and Gloucestershire (or such equivalent positions should these roles cease to exist (as determined by the Authorities));
 - 2.5.7 the Finance Director of Herefordshire and Gloucestershire;
 - 2.5.8 Senior Director representation from both Herefordshire and Gloucestershire and their partner authorities; and
 - 2.5.9 Project Team Members including the Authorities' Project Director, Operations Manager and Technical Manager and administrative support.

- 2.6 The Authority shall be entitled to invite a representative of BDUK to attend Project Board Meetings.

Schedule 10 - Marketing Plan

The Contractor shall maintain and update the Marketing Plan throughout the Term, such amendments to the Marketing Plan will be provided to the Project Board Meetings each Quarter throughout the Term for agreement by the Authorities.

Please find Schedule 10 Marketing Plan in a separate attached document

Schedule 11 - Key Personnel

Name	Position	Responsibilities
<p><i>The name of this person shall be provided to the Authorities by the Contractor by the 31st January 2013.</i></p>	<p>BT Programme Director</p>	<p>Aligns with the Authorities Project Director, Commercial and Legal – responsibility for taking strategic level decisions, commercial aspects and coordinating the governance with the various stakeholder groups. The BT Programme Director is accountable to the programme sponsors, for the successful delivery of the programme in terms of the assurance for the development and operation of the required solutions and capabilities (as required). Leading the overall programme for the Contractor and providing the primary interface to the Project Board and programme team the programme director will have a full time role throughout the delivery of the contract. The Programme director will be responsible for regular reviews with the Authorities' Project Director and it is essential that the Programme Director is fully aligned with the deliverables associated with the contract.</p>
<p><i>The name of this person shall be provided to the Authorities by the Contractor by the 31st January 2013.</i></p>	<p>Network Solutions Manager</p>	<p>Align with the Authorities Operations and Technical Management – responsible for the day-to-day running of the Project solutions aspects, taking day-to-day operational decisions. The Network Solution Manager will be responsible for ensuring the Implementation Works meet the requirements of this Agreement and the State Aid criteria. It will require close working with their counterpart in the Authorities to review designs produced by Openreach to ensure coverage is maximised and will also require the establishment of designs and plans for areas that cannot be covered by standard</p>

		GEA deployment.
<i>The name of this person shall be provided to the Authorities by the Contractor by the 31st January 2013.</i>	<i>BT Programme Manager</i>	Provide programme management ensuring high quality execution and attainment of business goals. The Programme Manager will be accountable to the Programme Director for the successful delivery of the programme in terms of the assurance for the development and operation of the required solutions and capabilities. The role requires the effective co-ordination of the constituent projects and their interdependencies, and any risks and other issues that may arise, together with any non-project work such as service management. The programme manager will work closely with the Authorities' Operations Manager and to develop a partnership approach to the implementation.
<i>The name of this person shall be provided to the Authorities by the Contractor by the 31st January 2013.</i>	<i>BT Finance/Audit Manager</i>	Responsible for strategic and operational level financial planning, monitoring and controls to meet the joint business goals around funding, deployment and adoption. Ensure that stringent EU funding rules are complied with by the Contractor. The Finance and Audit manager role is key to the success of the programme and ensuring the appropriate financial planning and controls, and audit trail is established for intervention funding for the Contractor. The Finance Manager will need to support the council in the development of any funding requirements whilst also ensuring that all claims from the fund are correct and fully aligned with the associated milestone payments.

Schedule 12 - Payment Mechanism

Part 1 - Definitions and Interpretation

1. In this Schedule 12 (Payment Mechanism) unless the context permits otherwise:

"Additional Contractor Expenditure" means all expenditure incurred by the Contractor in relation to the Project excluding the aggregate of the Milestone Completion Payments;

"Eligible Area" has the meaning given to it in Schedule 2 (Authorities' Requirements);

"Eligible Expenditure" means capital expenditure incurred by the Contractor in respect of the Eligible Items in the Eligible Area during the Eligible Period;

"Eligible Items" means, in respect of:

- (a) Type 0 (Survey), those items listed in Annex E to this Schedule 12 (Payment Mechanism);
- (b) Type 1a (Infrastructure Build), those items listed in Annex E to this Schedule 12 (Payment Mechanism);
- (c) Type 1b (Infrastructure Build), those items listed in Annex E to this Schedule 12 (Payment Mechanism);
- (d) Type 2 (Wholesale Access Products and Services), those items listed in Annex E to this Schedule 12 (Payment Mechanism); and
- (e) Type 3 (Take Up), those items listed in Annex E to this Schedule 12 (Payment Mechanism);

"Eligible Period"	means, in relation to each Milestone, the period from the Commencement Date until the relevant Milestone Completion Longstop Date for the relevant Milestone;
"First Revenue Review Point"	means the later of: <ul style="list-style-type: none"> (a) the third anniversary of the Commencement Date; and (b) the date of issue of a Milestone Acceptance Certificate in respect of the final Type 2 (Wholesale Access Products and Services) Milestone;
"Forecast Contractor Spend"	means: <ul style="list-style-type: none"> (a) the amount of Capital Expenditure forecast to be incurred by the Contractor (as set out in the Base Case at the Commencement Date) in relation to the Implementation Works; <p style="text-align: center;">LESS</p> (b) the Public Subsidy;
"Forecast Operating Expenditure"	Means the forecast operating expenditure of the Contractor set out in rows 34 of worksheet tabs 13 of the excel spreadsheets entitled Schedule 17 (Base Case) Part 1 Herefordshire and Schedule 17 (Base Case) Part 2 Gloucestershire of Schedule 17 (Base Case);
"Interim Milestone"	means the interim milestones set out in Part 1 (Milestones) of Schedule 5 (Milestones), being the interim milestones to be achieved by the

Contractor to complete a Milestone;

"Milestone"

means the milestones listed in Part 1 (Milestones) of Schedule 5 (Milestones), being the milestones to be achieved by the Contractor as part of the Implementation Works and described more fully in the Deployment Plan in order to deliver the Wholesale Broadband Provision;

"Milestone Area"

means the geographical areas:

- (a) "Milestone Area 1";
- (b) "Milestone Area 2";
- (c) "Milestone Area 3";
- (d) "Milestone Area 4";
- (e) "Milestone Area 5";
- (f) "Milestone Area 6";
- (g) "Milestone Area 7";
- (h) "Milestone Area 8";
- (i) "Milestone Area 9";
- (j) "Milestone Area 10";
- (k) "Milestone Area 11";
- (l) "Milestone Area 12";
- (m) "Milestone Area 13"; and
- (n) "Milestone Area 14";

each as described more fully in the table set out at Part 2 (Milestone Areas) to Schedule 5

(Milestones);

"Milestone Completion Payment"

means, in respect of a Milestone or Interim Milestone in relation to which a Milestone Acceptance Certificate has been issued, the amount set out in the fourth column titled "Milestone Completion Payment" of the table set out at Part 1 of Schedule 5 (Milestones);

"Milestone Payment Claim"

means a claim for the relevant Milestone Completion Payments, being a grant claim exclusive of VAT, in the form set out at Annex C (Form of Milestone Payment Claim) of this Schedule 12 (Payment Mechanism) together with the information and/or documentation (as applicable) listed in Annex D (MPC Supporting Information) of this Schedule 12 (Payment Mechanism);

"NGA"

means next generation access as defined in Requirement 4 of Schedule 2 (Authorities' Requirements);

"Overpayment"

has the meaning given to it in paragraph 3 (Authorities' Rights to Audit and Review) of Part 2 (Milestone Completion Payments) to this Schedule 12 (Payment Mechanism);

"Project Accounts"

has the meaning given to it in Annex B (Project Accounts) to this Schedule 12 (Payment Mechanism);

"Public Subsidy"

has the meaning given to it in clause 1.1.1 of Part 3 (Re-investment Fund) of this Schedule 12 (Payment Mechanism);

"Qualifying Capital Expenditure" means the aggregate of all Milestone Completion Payments actually paid by the Authorities to the Contractor pursuant to Part 2 (Milestone Completion Payments) of this Schedule 12 (Payment Mechanism);

"Re-investment Amount" means an amount equal to:

- (a) the amount by which the Total Revenue Received exceeds the Re-investment Threshold;
- LESS
- (b) any previous amounts credited to the Re-Investment Fund pursuant to Part 3 (Re-investment Fund) to this Schedule 12 (Payment Mechanism),

provided that, where such amount is a negative number, such amount shall be deemed to be zero;

"Re-investment Fund" means the fund set up by the Parties for the purposes of administering various funds including the amounts paid into it pursuant to Part 3 (Re-investment Fund) to this Schedule 12 (Payment Mechanism);

"Re-investment Threshold" means an amount equal to the following:

Withheld

where:

Withheld

"Required Local NGA Coverage"	means the percentage of NGA coverage set out in column 9 of the table at Part 1 of Schedule 5 (Milestones) titled "Required Local NGA Coverage Amount" for the relevant Milestone;
"Required Local USC Coverage"	means the percentage of USC coverage set out in column 7 of the table at Part 1 of Schedule 5 (Milestones) titled "Required Local USC Coverage Amount" for the relevant Milestone;
"Required NGA Coverage"	means the total percentage of coverage providing NGA required for the Project as set out and defined in Requirement 4 of Schedule 2 (Authorities' Requirements);
"Required USC Coverage"	means the total percentage of coverage providing USC required for the Project as set out and defined in Requirement 2 of Schedule 2 (Authorities' Requirements);
"Revenue Review Point"	means each of: <ul style="list-style-type: none"> (a) the First Revenue Review Point; (b) every second (2nd) anniversary of the First Revenue Review Point; and (c) the Expiry Date;
"Revenue Review Report"	has the meaning given to it in paragraph 1.1 of Part 3 (Re-investment Fund) of this Schedule 12 (Payment Mechanism);
"Subsidy Cap"	means, in respect of a Milestone, the amount stated in the tenth column (entitled "Subsidy Cap") in the table at Part 1 (Milestones) of Schedule 5 (Milestones);

"Total Revenue Received" has the meaning given to it in paragraph 1.1.3 of Part 3 (Re-investment Fund) of this Schedule 12 (Payment Mechanism); and

"USC" means the universal service commitment as defined in Requirement 2 of Schedule 2 (Authorities' Requirements).

Part 2 - Milestone Completion Payments

1. Milestone Completion Payments

Withheld

2. Matters relating to Milestone Payment Claims

2.1 Subject to paragraph 2.3 below, the Contractor shall not be obliged to issue to the Authorities a Milestone Payment Claim in the Quarter following the Quarter in which no Milestone Acceptance Certificates have been issued.

2.2 All Milestone Payment Claims and Milestone Completion Payments shall be requested and paid in pounds sterling.

2.3 Where the Authority considers, acting reasonably, that a Milestone Payment Claim or the MPC Supporting Information set out in Annex D of this Schedule 12 (Payment Mechanism) is materially defective and/or does not accord with the requirements of this Agreement:

2.3.1 the Authorities may, within ten (10) Business Days return such Milestone Payment Claim to the Contractor, setting out and explaining in reasonable detail the deficiencies in such Milestone Payment Claim; and

2.3.2 the Contractor shall promptly (but in any event within ten (10) Business Days of receipt of the Authorities notice referred to at paragraph 2.3.1 above) rectify such deficiencies and re-issue the relevant Milestone Payment Claim, duly amended.

2.4 Where the Contractor has obtained two or more Milestone Acceptance Certificates in respect of two or more Milestones which relate to the same Milestone Area in the same Quarter, the Contractor shall not be obliged to provide separate Milestone Payment Claims in respect of such Milestone. For the avoidance of doubt, where the Contractor has obtained Milestone Acceptance Certificates in respect of Milestones which relate to different Milestone Areas in the same Quarter, the Contractor shall issue a Milestone Payment Claim in respect of each such Milestone.

3. Authorities' Rights to Audit and Review

3.1 In addition to the rights of the Authorities set out in the provisions of clauses 9.7 (Monitoring and Inspection) and 39 (Contractor's Records) of this Agreement, each

Authority shall have the right to review and audit all payments made pursuant to this Schedule 12 (Payment Mechanism) once in each Contract Year.

- 3.2 On the exercise of the right granted to each Authority at paragraph 3.1 above, the Contractor shall provide such reasonable assistance (within the timeframes reasonably required) regarding any Milestone Completion Payment which the Contractor has claimed pursuant to this Schedule 12 (Payment Mechanism).
- 3.3 The rights described in this paragraph 3 above shall be exercisable by any auditor, agent and/or adviser of each Authority.
- 3.4 Where the Contractor and Authorities agree (whether pursuant to the audit process set out in this paragraph 3 or otherwise) (or it is subsequently determined in accordance with clause 46 (Dispute Resolution Procedure)) that the Contractor has been paid funds by the Authorities which it was not entitled to receive under this Agreement (each amount being an "**Overpayment**"), the Contractor shall promptly (but in any event within thirty (30) Business Days of receipt of an instruction from the Authorities) pay an amount equal to the relevant Overpayment to the Authorities.

Part 3 - Re-investment Fund

Withheld

Annex B - Project Accounts

1. The Contractor shall maintain separate summary accounts in relation to the Project which shall be in sufficient detail to allow the Parties to carry out reconciliations of Milestone Completion Payments to expenditure and costs incurred and to make the calculations referred to in Part 3 (Re-investment Fund) of this Schedule 12 (Payment Mechanism) including:
 - 1.1 a summary revenue and expenditure (including Milestone Completion Payments received) in respect of this Agreement;
 - 1.2 a record of Network assets created or deployed in respect of this Agreement;
 - 1.3 an account of the Re-investment Fund, including opening and closing balances for each Month; and
 - 1.4 supporting notes and information as appropriate for the reasonable understanding of such documentation and statements,such records being the "**Project Accounts**".
2. The Project Accounts shall be:
 - 2.1 prepared on a basis that is consistent with the accounting policies that the Contractor applies under its own corporate financial reporting and audit standards; and
 - 2.2 subject to the Contractor's own internal and external audit procedures.
3. Within thirty (30) Business Days of each anniversary of the Commencement Date the Contractor shall submit to the Authorities a copy of the Project Accounts and an accompanying narrative report for the preceding twelve (12) Months preceding the relevant anniversary, certified by a suitably qualified finance representative or the external auditor of the Contractor.
4. The Contractor shall maintain accounting records for all Eligible Expenditure expended partly or wholly pursuant to this Agreement, including maintaining an archive of all original invoices, receipts, accounts, deeds, bank records and any other relevant documentation whether in written or electronic form.

5. The Contractor shall ensure that all Milestone Completion Payments it receives pursuant to this Agreement is subject to the Contractor's own internal and external audit processes.

Annex C - Form of Milestone Payment Claim

To: The Authorities

[insert address]

Project Agreement dated [●] [between Herefordshire Council, Gloucestershire County Council, (together the "**Authorities**") and [●] (the "**Contractor**") (the "**Project Agreement**")

Capitalised terms used in this document have the meanings given to them in the Project Agreement.

Remainder withheld

Annex D - MPC Supporting Information

1. The documents to be appended to each Milestone Payment Claim (as referred to in the definition of "Milestone Payment Claim" in Part 1 (Definitions and Interpretation) of this Schedule 12 (Payment Mechanism)) are:
 - 1.1 an updated version of the Asset Register;
 - 1.2 an itemised list of expenditure in relation to the relevant Milestone or Interim Milestone, including item description, total capital cost, amount internally funded and evidence (append copies of invoices, receipts, timesheets, payroll records and other accounting information);
 - 1.3 documentation evidencing that the Qualifying Capital Expenditure has actually been incurred (including payment or bank records and statements, BACS lists, receipts or other confirmation) that the Qualifying Capital Expenditure has actually been incurred by the Contractor at the date of the Milestone Payment Claim;
 - 1.4 evidence (providing copies of invoices, receipts, timesheets, payroll records and other accounting information where applicable) that the relevant Milestone Completion Payment is for Eligible Expenditure only and is in relation to the scope of this Agreement only;
 - 1.5 evidence of quality control of speed and coverage including details of the acceptance test evidence showing the Test Outcomes set out in Schedule 8 have been met and which validates the claimed numbers of Premises Passed in respect of NGA and USC, in each case in sufficient detail to allow the Authorities to independently determine (notwithstanding any certification given by the Contractor on the matter) the eligibility of the relevant Eligible Expenditure and otherwise evaluate the validity of the Milestone Payment Claim;
 - 1.6 a copy of the Milestone Acceptance Certificate (together with all appendices and documents attached thereto).

Annex E - Eligible Items

- 1.1 Professional fees directly attributable to bringing the broadband infrastructure into use;
- 1.2 planning, way-leaves, site investigation and site preparation costs directly attributable to bringing the broadband infrastructure into use; and
- 1.3 staff costs directly attributable to bringing the broadband infrastructure into use.
- 1.4 The cost of tangible broadband infrastructure (plant, machinery and equipment) in both active and passive layers);
- 1.5 infrastructure installation and assembly costs;
- 1.6 cost of active electronics, data transport and backhaul equipment;
- 1.7 software and systems (including reporting systems) development costs directly attributable to bringing the broadband infrastructure into use;
- 1.8 staff costs directly attributable to bringing the broadband infrastructure into use;
- 1.9 Network termination equipment and End User Premises equipment as required to deliver wholesale services; and
- 1.10 power connection costs.
- 1.11 The cost of tangible broadband infrastructure (plant, machinery and equipment) in both active and passive layers);
- 1.12 infrastructure installation and assembly costs;
- 1.13 cost of active electronics, data transport and backhaul equipment;
- 1.14 software and systems (including reporting systems) development costs directly attributable to bringing the broadband infrastructure into use;
- 1.15 staff costs directly attributable to bringing the broadband infrastructure into use;
- 1.16 Network termination equipment and End User Premises equipment as required to deliver wholesale services; and
- 1.17 power connection costs.

- 1.18 Staff costs directly attributable to bringing the broadband infrastructure into use; and
- 1.19 software and systems (including reporting systems) development costs directly attributable to bringing the broadband infrastructure into use.
- 1.20 Staff costs directly attributable to bringing the broadband infrastructure into use;
- 1.21 borrowing costs (capitalised under IAS 23) which are attributable to bringing the broadband infrastructure into use and where the Authority has a policy of capitalising such costs; and
- 1.22 software and systems (including reporting systems) development costs directly attributable to bringing the broadband infrastructure into use.

Schedule 13 - Monitoring and Reporting

Defined terms used in this Schedule 13 (Monitoring and Reporting) have the meanings given to them in this Agreement (including within Schedule 2 (Authorities' Requirements)).

Clause ref	Clause
1.	Monitoring and Reporting
1.1	When the Contractor prepares any of the Monitoring Reports in accordance with clause 18.2 of this Agreement, it shall comply with the relevant requirements of this Schedule 13 (Monitoring and Reporting) for the relevant Monitoring Report.
2.	General Obligations
2.1	All Monitoring Reports shall be delivered to the Authorities in electronic form which can be opened and read using any of the following software applications:
2.1.1	Microsoft Excel 2010;
2.1.2	Microsoft Word 2010;
2.1.3	Adobe Acrobat (Portable Document Format) – unlocked to allow copying of data where necessary; or
2.1.4	MapInfo Version 8.
2.2	Withheld
2.3	All Monitoring Reports shall contain the following data as a minimum:
2.3.1	date on which the Monitoring Report was produced;

2.3.2	period which the Monitoring Report covers;
2.3.3	author name and contact details;
2.3.4	version and unique reference number;
2.3.5	Withheld
2.4	Withheld
2.5	All Monthly Reports shall be delivered to the Authorities no later than the 5th Business Day of each Month following the Month to which that Monitoring Report relates.
2.6	All Monthly Reports shall cover the previous Month to the Month in which the report is delivered as well as such projected or planned data as is necessary to provide the Authorities with a complete understanding of the data to which the Monitoring Report relates and/or as is specified below.
2.7	<p>All Quarterly Monitoring Reports (the "Quarterly Reports") shall be delivered to the Authorities no later than the 5th Business Day of each of the following Months:</p> <p>(a) January;</p> <p>(b) April;</p> <p>(c) July; and</p> <p>(d) October.</p>
2.8	All Quarterly Reports shall cover the previous Quarter to that in which the report is delivered as well as such projected or planned data as is necessary to provide the Authorities with a complete understanding of the data to which the Monitoring Report relates and/or as is specified below.

2.9	All Annual Monitoring Reports (the " Annual Reports ") shall be delivered to the Authorities no later than 31st March in each year.
2.10	All Annual Reports shall cover the previous calendar year to that in which the report is delivered.
3.	Quarterly Reports
3.1	The Contractor shall prepare and deliver to the Authorities the reports as set out in this section 3 (Quarterly Reports).
3.2	Withheld
3.2.1	Withheld
3.3	Withheld
3.3.1	Withheld
3.3.2	Withheld
3.3.3	Withheld
3.3.4	Withheld
3.3.5	Withheld
3.3.6	Withheld
3.4	Withheld
3.4.1	Withheld
3.4.2	Withheld
3.4.3	Withheld

3.5	Withheld	
3.5.1	Withheld	
3.5.2	Withheld	
3.6	Withheld	
3.6.1	Withheld	
3.6.2	Withheld	
3.6.3	Withheld	
3.6.4	Withheld	
3.6.5	Withheld	
3.6.6	Not used.	
3.7	Withheld	
3.7.1	Withheld	
3.7.2	Withheld	
3.7.3	Withheld	
3.7.4	Withheld	
3.8	Withheld	
3.8.1	Withheld	

3.8.2	Withheld	
3.8.3	Withheld	
3.8.4	Withheld	
3.9	Withheld	
3.9.1	Withheld	
3.9.2	Withheld	
3.10	Withheld	
3.11	Withheld	
3.11.1	Withheld	
3.11.2	Withheld	
3.11.3	Withheld	
3.11.4	Withheld	
3.11.5	Withheld	
3.11.6	Withheld	
3.11.7	Withheld	
3.11.8	Withheld	
3.11.9	Withheld	

3.11.10	Withheld	
3.11.11	Withheld	
3.11.12	Withheld	
4.	The Monthly Reports	
4.1	The Contractor shall prepare and deliver to the Authorities the following Monthly reports:	
4.2	Withheld	
4.2.1	Withheld	
4.3	Withheld	
4.4	Withheld	
4.4.1	Withheld	
4.4.2	Withheld	
4.4.3	Withheld	
4.5	Withheld	
5.	One-Off Reports	
5.1	Withheld	
5.1.1	Withheld	
5.1.2	Withheld	

6.	Annual Reports	
6.1	Withheld	
7.	Bi-Annual Reports	
7.1	Withheld	
7.2	Withheld	
7.3	Withheld	
8.	Ad-hoc Reports	
8.1	The Contractor and the Authorities shall jointly review the reports agreed under clause 3 (Authorities' Option to Extend the Term), clause 4 (State Aid), clause 5 (Warranties) and clause 6 (Authorities Warranties) of this Agreement at the Project Board Meetings (as defined in Schedule 9 (Management Groups and Meetings)) and will agree additional ad-hoc reports as required for the operation and monitoring of the Agreement.	
8.2	Upon reasonable request by the Authorities' Representative, the Contractor shall provide such information which is relevant to the terms and delivery of the Agreement.	
8.3	The Ad-hoc Reports shall be delivered to the Authorities' Representative in electronic format within the timeframe reasonably requested by the Authorities' Representative.	
8.4	Withheld	
8.5	Withheld	
9.	General	
9.1	Withheld	

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Schedule 14 - Business Plan

The Contractor shall update the Business Plan each Contract Year. Such amendments to the Business Plan will be provided to the Project Board Meetings each Quarter throughout the Term for agreement by the Authorities.

Please find the remainder of the schedule that can be released in a separate attached document.

Schedule 15 - Change Protocol

1. Interpretation

Capitalised terms and expressions used in this Schedule 15 (Change Protocol) shall, unless the context requires otherwise, have the meaning given to them below, in Schedule 2 (Authorities' Requirements), Schedule 27 (Relief Events) or in clause 1 (Definitions and Interpretation) of this Agreement.

"Authorities Change" means a Change that is initiated by the Authorities in accordance with clause 20 and this Schedule 15 (Change Protocol);

"Authorities Notice of Change" means a written notice submitted by the Authorities requiring a Change and setting out the information specified in paragraph 2.3 of this Schedule 15 (Change Protocol);

"Change" means any change, variation, extension or reduction in the Implementation Works and/or Wholesale Broadband Provision;

"Contractor Change" means a Change that is initiated by the Contractor in accordance with clause 20 and this Schedule 15 (Change Protocol);

"Contractor Estimate" means the written estimate prepared and submitted by the Contractor setting out the information required by paragraph 2.4 of this Schedule 15 (Change Protocol);

"Contractor Notice of Change" means a written notice submitted by the Contractor requesting a Change and setting out the information required by paragraph 3.2 of this Schedule 15 (Change Protocol);

"Milestone Area" has the meaning given to it in Schedule 12

(Payment Mechanism);

"Planned Milestone Completion Date" means, in relation to a Milestone, the date shown as the Planned Milestone Completion Date in Part 1 (Milestone Completion Dates) of Schedule 5 (Milestones) for that Milestone in the relevant Milestone Area or such later date as may be allowed in accordance with the terms of this Agreement;

"Required Local NGA Coverage" has the meaning given to it in Schedule 12 (Payment Mechanism);

"Required Local USC Coverage" has the meaning given to it in Schedule 12 (Payment Mechanism);

"Required NGA Coverage" has the meaning given to it in Schedule 12 (Payment Mechanism);

"Required USC Coverage" has the meaning given to it in Schedule 12 (Payment Mechanism);

"Third Party Costs" means the costs, in each case reasonably and properly incurred by the Contractor, as a result of the involvement of any third party in relation to the preparation of the Contractor Estimate under and in accordance with this Schedule 15 (Change Protocol).

2. Authorities Changes

2.1 The Authorities have the right to propose Changes in accordance with this Schedule 15 (Change Protocol). The Authorities shall not propose an Authorities Change which:

- 2.1.1 would require the Implementation Works and/or the Wholesale Broadband Provision to be performed in a way that infringes any Law or is inconsistent with Good Industry Practice;
 - 2.1.2 would cause any Contractor Consent to be revoked;
 - 2.1.3 would materially and adversely affect the health and safety of any person;
 - 2.1.4 requires the Contractor to implement the change in the Implementation Works and/or the Wholesale Broadband Provision in an unreasonable period of time;
 - 2.1.5 the Authorities do not have the legal power or capacity to require the implementation of; and/or
 - 2.1.6 would materially and adversely affect the Contractor's ability to carry out the Implementation Works and/or the deliver the Wholesale Broadband Provision (except for that part of the Implementation Works and/or Wholesale Broadband Provision which has been specified as requiring to be amended in the Authorities' Notice of Change) in a manner not compensated for under this Schedule 15 (Change Protocol).
- 2.2 If the Authorities require a Change, they shall jointly serve an Authorities Notice of Change on the Contractor.
- 2.3 The Authorities Notice of Change shall:
- 2.3.1 set out the Authorities Change in the Implementation Works and/or the Wholesale Broadband Provision required in sufficient detail to enable the Contractor to calculate and provide the Estimated Change in Costs in the Contractor Estimate;
 - 2.3.2 not used;
 - 2.3.3 require the Contractor to provide the Authorities within fifteen (15) Business Days (or such longer period as may be reasonable in the circumstances and having regard to the complexity of the relevant Change) of receipt of the Authorities Notice of Change with the Contractor Estimate;

- 2.3.4 require the Contractor to demonstrate to the Authorities that any costs set out in the Contractor Estimate represent best value for money to the Authorities and that all the Contractor costs (including the Contractor's administration costs) included within the Contractor Estimate are separately identified, substantiated and are shown to be directly and wholly related to the relevant Change; and
- 2.3.5 set out the details of the agreement or determination reached in accordance with paragraph 1.3.4 of Schedule 27 (Relief Events) including:
 - (a) any agreed identification of the area which it is proposed to be removed from the definition of Eligible Area, changes to the Project Coverage and/or the alternative strategies to achieve the Project Coverage;
 - (b) any agreed changes to a Milestone Completion Longstop Date; and/or
 - (c) any agreed reduction in Milestone Payments.
- 2.4 As soon as practicable and in any event within fifteen (15) Business Days (or such longer period as may be specified in the relevant Authorities Notice of Change) after having received the Authorities Notice of Change, the Contractor shall deliver to Authorities the Contractor Estimate. The Contractor Estimate shall include the opinion of the Contractor on:
 - 2.4.1 whether relief from compliance with obligations is required during the implementation of the Authorities Change;
 - 2.4.2 any impact on or change required to the provision of the Implementation Works and/or the Wholesale Broadband Provision;
 - 2.4.3 any impact on the Contractor's ability to satisfy the Required USC Coverage and/or the Required NGA Coverage and any proposed amendment to the definitions of "Required USC Coverage" and/or "Required NGA Coverage";
 - 2.4.4 any impact on the Contractor's ability to satisfy any Required Local USC Coverage Amount and/or the Required Local NGA Coverage Amount and

- any proposed amendment to the definitions of "Required Local USC Coverage Amount" and/or "Required Local NGA Coverage Amount";
- 2.4.5 any amendment required to this Agreement and/or any Project Document as a result of the Change in the Implementation Works and/or the Wholesale Broadband Provision;
 - 2.4.6 any Estimated Change in Costs that result from the Authorities Change provided that any changes to management overhead must be a direct result of the relevant Change;
 - 2.4.7 any loss or increase of revenue for the Contractor from the Network that results from the Authorities Change;
 - 2.4.8 any Capital Expenditure that is required or no longer required as a result of the Authorities Change;
 - 2.4.9 any regulatory approvals and/or Contractor Consents which are required, specifying any which only the Authorities may themselves procure as a matter of Law;
 - 2.4.10 how the costs estimated by the Contractor demonstrate best value for money to the Authorities; and
 - 2.4.11 where relevant, copies of any third party tenders procured by the Contractor.
- 2.5 As soon as practicable after the Authorities receive the Contractor Estimate, the Parties shall discuss and agree the issues set out in the Contractor Estimate, including the Contractor:
- 2.5.1 providing evidence that the Contractor has used reasonable endeavours (including (where reasonable) the use of competitive tenders) to minimise any increase in costs and maximise any reduction in costs and (where applicable) revenue;
 - 2.5.2 demonstrating how any Capital Expenditure to be incurred or avoided is being measured in a cost effective manner;
 - 2.5.3 demonstrating that any expenditure that has been avoided, which was anticipated to be incurred to replace or maintain assets and/or the

Network that have been affected by the Authorities Change concerned, has been taken into account in the amount which in its opinion has resulted or is required under paragraph 2.4.6 and/or 2.4.7 and/or 2.4.8 above;

- 2.5.4 providing a detailed programme (including timetable) for implementation of the Change;
 - 2.5.5 demonstrating that any Third Party Costs to be incurred by the Contractor in the implementation of the Authorities Change will be reasonably and properly incurred; and
 - 2.5.6 explaining, where the Contractor has provided third party tenders, how such third party tenders would be accepted and implemented if required by the Authorities.
- 2.6 In such discussions, the Authorities may jointly modify the Authorities Notice of Change and in each case the Contractor shall, as soon as practicable, and in any event not more than fifteen (15) Business Days (or such longer period as the parties may (acting reasonably having regard to the circumstances at the time and to the complexity of the Change) agree) after receipt of such modification, notify the Authorities of any consequential changes to the Contractor Estimate.
- 2.7 If the Contractor does not intend to use its own resources to implement any Authorities Change it shall comply with Good Industry Practice with the objective of ensuring that it obtains best value for money when procuring any work, services, supplies, materials or equipment required in relation to the Authorities Change.
- 2.8 If the parties cannot agree on the contents of the Contractor Estimate then the dispute will be determined in accordance with clause 46 (Dispute Resolution Procedure).
- 2.9 As soon as practicable after the contents of the Contractor Estimate have been agreed or otherwise determined pursuant to clause 46 (Dispute Resolution Procedure), the Authorities shall:
- 2.9.1 confirm jointly in writing the Contractor Estimate (as agreed or modified) in which case the Contractor shall proceed to carry out the Change or accept the third party tender in accordance with the Contractor Estimate (as agreed or modified); or

- 2.9.2 jointly withdraw the Authorities Notice of Change.
- 2.10 If the Authorities do not jointly confirm in writing the Contractor Estimate (as modified) within thirty (30) Business Days of the contents of the Contractor Estimate having been agreed in accordance with paragraph 2.8 above or determined pursuant to paragraph 2.7 above, then the Authorities Notice of Change shall be deemed to have been withdrawn.
- 2.11 Not used.
- 2.12 Not used.
- 2.13 The Authorities may, at any time following the date on which the Contractor Estimate is confirmed, agree to meet the Capital Expenditure.
- 2.14 In the event that the Contractor Estimate has been confirmed by the Authorities in accordance with paragraph 2.9, then the adjustment to the relevant Milestone Completion Payment shall be calculated in accordance with clause 50 (Financial Adjustments).
- 2.15 Where the Authorities agree to pay the costs pursuant to paragraph 2.14 above:
- 2.15.1 the Authorities and the Contractor shall deliver:
- (a) a payment schedule in respect of the payment of such sum reflecting the amount and timing of the costs to be incurred by the Contractor in carrying out the Authorities Change to the extent borne by the Authorities; and
 - (b) where payment for part of the Authorities Change reflects the carrying out of, or specific progress towards, an element within the Authorities Change, an objective means of providing evidence confirming that the part of the Authorities Change corresponding to each occasion when payment is due under the payment schedule appears to have been duly carried out, such payment schedule and evidence to be determined in accordance with clause 46 (Dispute Resolution Procedure) in the event of the Authorities and the Contractor failing to agree as to its terms;

- 2.15.2 the Authorities shall make a payment to the Contractor within fifteen (15) Business Days of receipt by the Authorities of invoices presented to the Authorities (in all material respects) in accordance with the agreed payment schedule (as the case may be, varied by agreement from time to time) accompanied by the relevant evidence (where applicable) that the relevant part of the Authorities Change has been carried out; and
 - 2.15.3 if payment is not made in accordance with sub-paragraph 2.15.2 above, the Authorities shall pay interest to the Contractor on the amount unpaid from the date fifteen (15) Business Days after receipt of the relevant invoice until paid at the default rate set out in clause 44 (Interest).
- 2.16 Where the Authorities withdraw the Authorities Notice of Change pursuant to paragraph 2.9.2 of this Schedule 15 (Change Protocol) or the Authorities Notice of Change is deemed withdrawn pursuant to paragraph 2.10 of this Schedule 15 (Change Protocol) then the Authorities shall pay to the Contractor any Third Party Costs actually incurred by the Contractor up to the date on which the Authorities Notice of Change was withdrawn or deemed withdrawn (as the case may be) within twenty (20) Business Days of the Contractor presenting the invoices (complete in all material respects) to the Authorities.

3. Contractor Changes

- 3.1 If the Contractor wishes to introduce a Change, except where such Change is made in accordance with paragraph 3.11, it shall serve a Contractor Notice of Change on the Authorities.
- 3.2 The Contractor Notice of Change must:
 - 3.2.1 set out the proposed Contractor Change in sufficient detail to enable the Authorities to evaluate it in full;
 - 3.2.2 specify the Contractor's reasons for proposing the Contractor Change;
 - 3.2.3 request that the Authorities consult with the Contractor with a view to deciding whether to agree to the Contractor Change and, if so, what consequential changes the Authorities require as a result;
 - 3.2.4 indicate any financial implications of the Contractor Change;

- 3.2.5 indicate any impact on the Contractor's ability to satisfy the Required USC Coverage and/or the Required NGA Coverage and any proposed amendment to the definitions of "Required USC Coverage" and/or "Required NGA Coverage";
 - 3.2.6 indicate any impact on the Contractor's ability to satisfy any Required Local USC Coverage and/or the Required Local NGA Coverage and any proposed amendment to the definitions of "Required Local USC Coverage" and/or "Required Local NGA Coverage";
 - 3.2.7 indicate any implications of the Contractor Change on the Contractor's ability to achieve any of the Planned Milestone Completion Dates;
 - 3.2.8 indicate, in particular, whether a variation to the Milestone Completion Payment is proposed (and, if so, give a detailed cost estimate of such proposed variation); and
 - 3.2.9 indicate if there are any dates by which a decision by the Authorities is critical.
- 3.3 The Authorities shall evaluate the Contractor's proposed Contractor Change, taking into account all relevant issues, including whether:
- 3.3.1 a variation in the Milestone Completion Payment will occur;
 - 3.3.2 the Contractor Change affects the quality of the Wholesale Broadband Provision or the Implementation Works or the likelihood of successful delivery of the Wholesale Broadband Provision or the Implementation Works;
 - 3.3.3 the Contractor Change will result in an increase or decrease to the Required USC Coverage and/or the Required NGA Coverage;
 - 3.3.4 the Contractor Change will result in an increase or decrease to any Required Local USC Coverage and/or the Required Local NGA Coverage;
 - 3.3.5 the Contractor Change affect the ability to achieve any of the Planned Milestone Completion Dates;
 - 3.3.6 the Contractor Change will interfere with the relationship of the Authorities with third parties;

- 3.3.7 the financial strength of the Contractor is sufficient to perform the changed Implementation Works and/or Wholesale Broadband Provision;
 - 3.3.8 not used;
 - 3.3.9 the Contractor Change materially affects the risks or costs to which the Authorities are exposed.
- 3.4 As soon as practicable after receiving a Contractor Notice of Change, the parties shall meet and discuss the matters referred to in it.
- 3.5 During such discussions the Authorities may propose modifications or accept or reject the Contractor Notice of Change.
- 3.6 If the Authorities accept the Contractor Notice of Change (with or without modification), the relevant Contractor Change shall be commenced within ten (10) Business Days (or such other period as may be agreed between the parties acting reasonably) of the Authorities' acceptance. Within this period, the Parties shall consult and agree the remaining details as soon as practicable and shall enter into any documents to amend this Agreement or any relevant Project Document which are necessary to give effect to the Contractor Change.
- 3.7 If the Authorities reject the Contractor Notice of Change, it shall provide reasons for such a rejection, but such rejection is at the Authorities' total discretion and the Authorities shall be under no obligation to consider the Contractor Change further.
- 3.8 Unless the Authorities' acceptance specifically agrees to an increase in any Milestone Completion Payment (which shall be calculated in accordance with clause 50 (Financial Adjustments)) or discuss a payment or payments to be made to the Contractor, there shall be no increase in any Milestone Completion Payment or other payments made as a result of the Contractor Change.
- 3.9 If the Contractor Change causes or will cause the Contractor's costs or those of a Sub-Contractor to decrease, there shall be a decrease in the relevant Milestone Completion Payment such that any cost savings (following deduction of costs reasonably incurred by the Contractor in implementing such the Contractor Change (as detailed in the detailed cost estimate of the Contractor Change provided by the Contractor in accordance with paragraph 3.2.8 above)) shall be paid to the Authorities.

- 3.10 Notwithstanding any other provision of this paragraph 3, the Authorities shall not be entitled to reject a Contractor Notice of Change which is required in order to conform to a Change in Law.
- 3.11 If and to the extent that the Wholesale Access Products and Services incorporate (expressly in this Agreement or by reference) any regulated published list prices, regulated terms and/or other regulated items then such prices, terms and/or other items shall be maintained by the Contractor in accordance with this paragraph 3.11.
- 3.11.1 Where any change to the regulated published list prices, regulated terms and/or other regulated items referred to in paragraph 3.11 does not affect the Authorities' Requirements as set out in Schedule 2, the Contractor shall address the matter in accordance with the Contractor's normal business practice and not in accordance with the Change Protocol:
- (a) Promptly identifying to the Authorities in writing any relevant and material change to such prices, terms and/or other items; and
 - (b) To the extent that such prices, terms and/or other items are expressly included in this Agreement, the Parties shall document a variation to the relevant term of this Agreement in writing.
- 3.11.2 Where any change to the regulated published list prices, regulated terms and/or other regulated items referred to in paragraph 3.11. affects the Authorities' Requirements as set out in Schedule 2, the Parties shall address the matter in accordance with paragraphs 3.1 to 3.10 of this Change Protocol provided that the Authorities shall not be entitled to reject the Change.

Schedule 16 - Wholesale Access Pricing

Withheld

Schedule 17 - Base Case

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Withheld

Schedule 18 - Operational Plan

Withheld

Schedule 19 - Commercially Sensitive Information

Withheld

Schedule 20 - Disaster Recovery and Business Continuity Plan

The Candidate shall comply with the standard BS25999 throughout the Term in relation to the Project.

Schedule 21 - Community Request Protocol

Definitions

For the purposes of this Schedule 21 (Community Request Protocol), capitalised terms and expressions used shall, unless the context requires otherwise, have the meaning given to them in this Agreement (including Schedule 2 (Authorities' Requirements), with the exception of the following terms which shall bear the following meanings:

"Community Request"	has the meaning given to it in paragraph 3;
"Community Request Estimate"	has the meaning given to it in paragraph 4;
"Community Self Dig Programme"	means the process outlined in the Community Broadband outline Proof of Concept document for BBP ISDS issued to the Project on February 28th 2012 and annexed at Annex 1 to this Schedule 21 (Community Request Protocol);
"Cost Book"	means the cost book set out in the Base Case;
"Eligible Items"	has the meaning given to it in Schedule 12 (Payment Mechanism); and
"NGA"	means for the purposes of the Project, infrastructure that offers access to a next generation broadband internet service which delivers a Peak Information Rate of not less than thirty (30) Mbps Download Speed and not less than five (5) Mbps Upload Speed and a Committed Rate of not less than fifteen (15) Mbps Download Speed and two (2) Mbps Upload Speed.

1. The Authorities can request a Community Request Estimate in accordance with this Schedule 21 (Community Request Protocol) for the provision of Implementation Works which provide the capability of Wholesale Broadband Provision at NGA

speeds in areas which will not otherwise receive NGA services under this Agreement.

2. If the Authorities request a Community Request Estimate, they shall jointly serve a Community Request on the Contractor.
3. The Community Request shall:
 - 3.1 set out the exact location within the Eligible Area including the geographical extent and number of Premises to be considered in the provision of a Community Request Estimate for the Implementation Works to provide the capability of Wholesale Broadband Provision at NGA speeds;
 - 3.2 require the Contractor to provide the Authorities within forty-five (45) Business Days (or such longer period as may be reasonable in the circumstances and having regard to the complexity of the relevant Community Request to be agreed between the Authorities and the Contractor within ten (10) Business Days of submission of the Community Request) of receipt of the Community Request; and
 - 3.3 require the Contractor to demonstrate to the Authorities that any costs set out in the Community Request Estimate represent best value for money to the Authorities and that all Contractor costs (including the Contractor's reasonable administrative costs) included within the Community Request Estimate are separately identified, substantiated and are shown to be directly and wholly related to the Community Request. Costs shall be consistent with those set out in the Cost Book and must only relate to Eligible Items,

(together the "**Community Requests**").
4. As soon as practicable and in any event within forty-five (45) Business Days (or such longer period as may be specified in the relevant Community Request) of receipt of the Community Request, the Contractor shall deliver the Community Request Estimate to Authorities. The Community Request Estimate shall include an assessment by the Contractor in relation to the following (the "**Community Request Estimate**"):
 - 4.1 the cost of delivering the Implementation Works to the identified area in order to provide the capability of Wholesale Broadband Provision at NGA speeds;
 - 4.2 the gap funding required to meet the Community Request Estimate;

- 4.3 any support required from the community in respect of easements, way leaves and civil engineering works (in accordance with the Community Self Dig Programme) to make the Community Request Estimate a viable solution;
 - 4.4 the take up required by the Contractor within the defined area which is the subject of the Community Request to make the Community Request Estimate a viable solution, provided always that this will not be less than sixty percent (60%) of the Premises in that area;
 - 4.5 an explanation of how the costs estimated by the Contractor in the Community Request Estimate demonstrate best value for money to the Authorities;
 - 4.6 any regulatory approvals and/or Contractor Consents which are required, specifying any which only the Authorities may themselves procure as a matter of Law;
 - 4.7 an indicative project plan setting out the key milestones and associated dates to enable a chronological assessment of the Community Request;
 - 4.8 any alternative solutions considered by the Contractor and the reasons why these have been discounted as potential solutions; and
 - 4.9 key risks and issues related to the Community Request.
5. As soon as practicable following receipt by the Authorities of the Community Request Estimate, the Parties shall meet to discuss and agree the principles set out in the Community Request Estimate.
6. During such discussions, the Authorities may jointly modify the Community Request and, not more than twenty-five (25) Business Days (or such longer period as the parties may (acting reasonably having regard to the circumstances at the time and to the complexity of the Community Request) agree) after receipt of such modification, notify the Contractor of any consequential changes to the Community Request Estimate. On receipt of the updated Community Request, the Contractor shall deliver a revised Community Request Estimate in accordance with the provisions of paragraph 4 and the Parties shall comply with the provisions of paragraph 5 and this paragraph 6 in respect of that updated Community Request Estimate. If the Parties cannot agree the Community Request Estimate, that Community Request will be deemed to have been withdrawn.

7. As soon as practicable following the date on which the Community Request Estimate is agreed, the Authorities shall:
 - 7.1 confirm jointly and in writing the Community Request Estimate (as agreed or modified);
 - 7.2 confirm jointly and in writing the availability of the required gap funding from the community and/or Authority resources;
 - 7.3 confirm jointly and in writing the availability of the required way leaves or easements over which it has responsibility;
 - 7.4 confirm jointly and in writing the availability of the required support to deliver the civil engineering works (in accordance with the Community Self Dig Programme); and
 - 7.5 confirm jointly and in writing the level of demand (and likely take up) for the solution from the premises in the defined area.
8. Where the Authorities satisfy the obligations pursuant to paragraph 7 above:
 - 8.1 the effects of the agreed Community Request will be dealt with as a Contractor Change in accordance with the provisions of Schedule 15 (Change Protocol);
 - 8.2 if agreed through the provisions of Schedule 15 (Change Protocol), the Contractor shall proceed to carry out the Implementation Works in accordance with the Community Request Estimate (as agreed or modified);
 - 8.3 the Authorities and the Contractor shall deliver a payment schedule in respect of the payment of such sum reflecting the amount and timing of the costs to be incurred by the Contractor in carrying out the Implementation Works to the extent such costs are to be borne by the Authorities;
 - 8.4 the Authorities shall make a payment to the Contractor within thirty (30) Business Days of receipt by the Authorities of invoices presented to the Authorities (in all material respects) in accordance with the agreed payment schedule (as the case may be, varied by agreement from time to time) accompanied by the relevant evidence (where applicable) that the relevant part of the Implementation Works relating to the Community Request have been carried out; and if an invoice is disputed, this will be dealt with under the Dispute Resolution Procedure set out in clause 46 of the Agreement; and

- 8.5 all infrastructure, once installed would become and remain the property of the Contractor with appropriate way leave agreements being transferred to the Contractor.
9. For the avoidance of doubt, any Community Request which is implemented by the Contract as a result of the provisions of this Schedule 21 (Community Request Protocol) shall be subject to the obligations set out in the State Aid Method Statement.

Annex 1

Community Broadband Outline Proof of Concept

Withheld

Schedule 22 - New Technology

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Withheld

Schedule 23 - Not Used

Schedule 24 - Deployment Plan

Withheld

Schedule 25 - Sustainability Requirements

Withheld

Schedule 26 - State Aid Method Statement

Withheld

Schedule 27 - Relief Events

Capitalised terms and expressions used in this Schedule 27 (Relief Events) shall, unless the context requires otherwise, have the meaning given to them below, in Schedule 2 (Authorities' Requirements) or in clause 1 (Definitions and Interpretation) of this Agreement.

"Cost Book"	means the Contractor's cost book for the Project set out in the Base Case;
"Implementation Review Meeting"	has the meaning given to it in paragraph 1.1.7 below;
"Mitigating Actions"	means those actions listed in column 10 titled "Mitigating Actions" of the Relief Circumstances Table;
"Planned Implementation Costs"	means the costs attributed to the Implementation Works set out by the Contractor in the Base Case;
"Potential Relief Event"	means the occurrence of a Relief Circumstance which would require the Contractor's Planned Implementation Costs, time for deployment of the relevant Implementation Works and/or Project Coverage to change in a manner which exceeds some or all of the Relief Event Thresholds for that Relief Circumstance provided always that if a Relief Event Threshold is not met the Relief Circumstance will not become a Potential Relief Event;
"Project Coverage"	means a change to the Required Local USC Coverage, the Required Local NGA Coverage, the Required USC Coverage and/or the Required NGA Coverage;
"Relief Circumstance"	means a circumstance listed in column 1 titled

"Relief Circumstance Description" of the Relief Circumstances Table and in each case which:

- (a) is not or could not be the subject of a Delay Event or a Force Majeure Event or otherwise the subject of another form of relief under this Agreement; and
- (b) is outside of the control of the Contractor;

"Relief Circumstance Notice"

has the meaning given to it in paragraph 1.1;

"Relief Circumstances Table"

means the table set out at Annex I to this Schedule 27 (Relief Events);

"Relief Event"

has the meaning given to it in paragraph 1.3.4 below;

"Relief Event Effect"

means the effect the Relief Circumstance which is the subject of the Relief Circumstance Notice will have on the deployment of the Project, if it is agreed that that Relief Circumstance becomes a Relief Event in accordance with the provisions of paragraph 1.3.4 below, as identified in columns 3, 4 and 5 of the Relief Circumstances Table titled "Cost Impact", "Time Impact" and "Coverage Impact" respectively;

"Relief Event Threshold"

means those thresholds relating to the Relief Circumstance which is the subject of the Relief Circumstance Notice set out in columns 7, 8 and 9 titled "Effect on Planned Implementation Cost Threshold", "Delay to Milestone Completion Longstop Date Threshold" and "Effect on Project Coverage Threshold" respectively of the Relief Circumstances Table;

"Required Local NGA Coverage"	has the meaning given to it in Schedule 12 (Payment Mechanism);
"Required Local USC Coverage"	has the meaning given to it in Schedule 12 (Payment Mechanism);
"Required NGA Coverage"	has the meaning given to it in Schedule 12 (Payment Mechanism); and
"Required USC Coverage"	has the meaning given to it in Schedule 12 (Payment Mechanism).

1. Relief Events

Relief Circumstances

- 1.1 In the event the Contractor identifies a Relief Circumstance the Contractor shall, within twenty (20) Business Days of the date on which the Contractor becomes aware, or ought to have become aware, of such Relief Circumstance, issue a notice (a "**Relief Circumstance Notice**") to each of the Authorities setting out the following information:
 - 1.1.1 the nature of the event which constitutes the Relief Circumstance;
 - 1.1.2 a statement confirming whether the Relief Circumstance has resulted in a Potential Relief Event;
 - 1.1.3 alternative strategies for resolving the Relief Circumstance and/or the Potential Relief Event (as applicable);
 - 1.1.4 a detailed costs comparison of :
 - (a) the effect of the Relief Circumstance on Planned Implementation Costs calculated with reference to the Cost Book; and

- (b) the costs associated with any alternative strategies proposed pursuant to paragraph 1.1.3, calculated with reference to the Cost Book;

together with evidence that any Planned Implementation Costs no longer required as a result of the Relief Circumstance have been taken into account;

- 1.1.5 a detailed explanation of the effect of the Relief Circumstance on any Milestone Completion Longstop Date;
 - 1.1.6 a detailed explanation of the effect of the Relief Circumstance on the Project Coverage;
 - 1.1.7 specify when the Implementation Review Meeting where the contents of the Relief Circumstance Notice are to be discussed will take place (the **"Implementation Review Meeting"**), provided that such Implementation Review Meeting shall be held no later than the date which falls fifteen (15) Business Days (or such later date as may be agreed between the Parties) following issue of the relevant Relief Circumstance Notice;
 - 1.1.8 evidence that the Contractor has used its best endeavours to carry out the Mitigating Actions; and
 - 1.1.9 evidence that the Contractor has used all reasonable endeavours to mitigate the occurrence of the Relief Circumstance in addition to the Mitigating Actions.
- 1.2 The information provided in the Relief Circumstance Notice referred to in paragraph 1.1 shall be set out in sufficient detail to enable the Authorities to evaluate it in full so that the matter can be properly considered by the Parties at the relevant Implementation Review Meeting.
- 1.3 If the Relief Circumstance Notice relates to a Potential Relief Event:
- 1.3.1 the Authorities and the Contractor shall discuss the contents of the Relief Circumstance Notice during the relevant Implementation Review Meeting;
 - 1.3.2 the Authorities may jointly accept the proposals set out in the Relief Circumstance Notice;

- 1.3.3 either of the Authorities may reject the proposals set out in the Relief Circumstance Notice, in which case the matter shall be referred for determination in accordance with clause 46 (Dispute Resolution Procedure); and
 - 1.3.4 in the event that the Authorities accept the proposals set out in the Relief Circumstance Notice, or following determination in favour of the Contractor pursuant to clause 46 (Dispute Resolution Procedure), the Relief Circumstance that is the subject of the relevant Relief Circumstance Notice shall become a Relief Event, the Authorities shall jointly issue an Authorities Notice of Change and, subject to the provisions of paragraph 1.4 below, the provisions of Schedule 15 (Change Protocol) shall apply.
- 1.4 No Relief Circumstance Notice may be served in respect of any specific Relief Circumstance where that specific Relief Circumstance has previously been the subject of a Relief Circumstance Notice.

Annex I

Relief Circumstances Table

Withheld