



Building better local
services together

AGREEMENT

between

THE HIGHLAND COUNCIL

and

HUB NORTH SCOTLAND (WICK) LIMITED

The Wick Community Campus

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BETWEEN:

- (1) **THE HIGHLAND COUNCIL** a local authority constituted and incorporated under the Local Government etc Scotland Act 1994 having its principal office at Glenurquhart Road, Inverness IV3 5NX (the "**Authority**"); and
- (2) **HUB NORTH SCOTLAND (WICK) LIMITED** a company incorporated in Scotland (registered under number SC469278) whose registered office is Summerfield House, 2 Eday Road, Aberdeen, AB15 6RE ("**Sub-hubco**").

WHEREAS:

- (A) The Authority wishes to develop a new high school, primary school and community facilities in Wick.
- (B) Pursuant to the Territory Partnering Agreement for the hub North Territory, the Authority issued a new project request in respect of the Project to which hubco submitted its stage 1 submission and stage 2 submission as required by the approval process for new projects detailed therein.
- (C) Following approval by the Authority of hubco's stage 2 submission, the Authority has appointed Sub-hubco (a subsidiary of hubco) to design, build, finance and provide certain maintenance services in connection with The Wick Community Campus (the "**Project**").
- (D) This Agreement is entered into under the Scottish Government's hub initiative.
- (E) This Agreement is excluded from the application of Part II of the Housing Grants, Construction and Regeneration Act 1996 by operation of paragraph 4 of the Construction Contract (Scotland) Exclusion Order 1998 (SI 1998/686).

NOW IT IS HEREBY AGREED as follows:

PART 1: GENERAL

1 DEFINITIONS AND INTERPRETATION

Schedule Part 1 (*Definitions and Interpretation*) shall apply.

2 EXECUTION AND DELIVERY OF DOCUMENTS

On or prior to execution of this Agreement:

- 2.1 Sub-hubco shall deliver to the Authority the documents referred to in Section 1 (*Documents to be delivered by Sub-hubco*) of Schedule Part 2 (*Completion Documents*) (unless the requirement to deliver any such document is waived by the Authority by written notice to Sub-hubco); and
- 2.2 the Authority shall deliver to Sub-hubco the documents referred to in Section 2 (*Documents to be delivered by the Authority*) of Schedule Part 2 (*Completion Documents*) (unless the requirement to deliver any such document is waived by Sub-hubco by written notice to the Authority).
- 2.3 The Authority shall deliver to Sub-hubco a certified copy of the updated letter from the Scottish Government to the Authority confirming the final terms of the revenue grant funding to be provided to the Authority in respect of the Project within five (5) Business Days of the Authority's receipt of the same.

3 COMMENCEMENT AND DURATION

- 3.1 This Agreement, and the rights and obligations of the parties, shall commence on the date of execution of this Agreement and, without prejudice to Clause 47.6, shall terminate automatically on the expiry of the Project Term.
- 3.2 Prior to the Commencement Date, the Authority and hubco entered into the Enabling Works Design and Build Development Agreements. Subject to the execution of the Design and Build Development Agreements Discharge by the parties thereto, Sub-hubco acknowledges and agrees that it hereby assumes responsibility for the design and construction of the Enabling Works and any other works performed by hubco and/or the Contractor under the Enabling Works Design and Build Development Agreements, as if the same had been carried out pursuant to this Agreement as part of the Works, and notwithstanding the fact that the same have been carried out in whole or in part prior to the Commencement Date.
- 3.3 The Authority shall deliver to Sub-hubco a VAT invoice for the Authority's Pre-Financial Close Costs on or after the Commencement Date. Sub-hubco shall pay to the Authority the amount of each such invoice within ten (10) Business Days of receipt of the same.

4 PROJECT DOCUMENTS

Ancillary Documents

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

unless the proposed course of action (and any relevant documentation) has been submitted to the Authority's Representative for review under Schedule Part 8 (*Review Procedure*) and either:

- (a) there has been no objection in accordance with paragraph 3 of Schedule Part 8 (*Review Procedure*) within twenty (20) Business Days of receipt by the Authority's Representative of the submission of the proposed course of action (and any relevant documentation), or such shorter period as may be agreed by the parties; or
- (b) Sub-hubco is acting in accordance with the comments of the Authority as provided in paragraph 4.2 of Schedule Part 8 (*Review Procedure*);

and, in the circumstances specified in Clause 4.1.1, Sub-hubco has complied with Clause 57 (*Assignment and Sub-contracting*).

Changes to Funding Agreements and Refinancing

- 4.2 Subject to Clauses 4.3, 4.4 and 4.5, Sub-hubco shall be free, at any time, to enter into, terminate, amend, waive its rights and generally deal with its Funding Agreements on such terms and conditions as it sees fit without the prior written consent of the Authority provided that (at the time such action is contemplated and effected) the same will not materially and adversely affect the ability of Sub-hubco to perform its obligations under the Project Documents or this Agreement.
- 4.3 No amendment, waiver or exercise of a right under any Funding Agreement or Ancillary Document shall have the effect of increasing the Authority's liabilities on early termination of this Agreement unless:
- 4.3.1 Sub-hubco has obtained the prior written consent of the Authority to such increased liability for the purposes of this Clause 4.3; or
- 4.3.2 it is a Permitted Borrowing.
- 4.4 Any amendment or variation of any Funding Agreements which constitutes a Refinancing shall be carried out in accordance with the provisions of Schedule Part 23 (*Refinancing*).
- 4.5 Without prejudice to Clause 4.2, Sub-hubco shall liaise with the Authority, and shall use all reasonable endeavours to provide the Authority with a copy of the relevant agreement in settled draft form, not less than ten (10) Business Days before it enters into any Funding Agreement (other than the Initial Funding Agreements).

Delivery

- 4.6 Without prejudice to the provisions of this Clause 4 (*Project Documents*), if at any time an amendment is made to any Project Document, or Sub-hubco enters into a new Project Document (or any agreement which affects the interpretation or application of any Project Document), Sub-hubco shall deliver to the Authority a conformed copy of each such amendment or agreement within ten (10) Business Days of the date of its execution or creation, certified as a true copy by an officer of Sub-hubco.

Funding Default

- 4.7 Sub-hubco shall promptly upon the occurrence of a Funding Default notify the Authority of such Funding Default.
- 4.8 The Authority may, in circumstances referred to in Clause 4.7 above (regardless of whether the Senior Funders have exercised any enforcement or similar rights under the Senior Funding Agreements), require Sub-hubco to provide an Interim Project Report and to attend, and use all reasonable endeavours to ensure that the Senior Funders attend, such meetings as the Authority may convene to discuss such Interim Project Report and the circumstances giving rise to it.
- 4.9 Sub-hubco shall promptly upon a failure by the Senior Funders to advance amounts due under the Senior Funding Agreements (or in circumstances that might reasonably be expected to lead to such a failure) notify the Authority of such failure (or expected failure).
- 4.10 The Authority may, in the circumstances referred to in Clause 4.9 above, require Sub-hubco to attend, and use all reasonable endeavours to ensure that the Senior Funders attend, such meetings as the Authority may convene to discuss the circumstances.

5 THE PROJECT OPERATIONS

Scope

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

General standards

- 5.2 Sub-hubco shall at its own cost be solely responsible for procuring that the Project Operations are at all times performed:
- 5.2.1 subject to Clause 11.1A and 11.1B, in compliance with all Law and Consents (including without limitation the giving of notices and the obtaining of any such Consents) and so as not to prejudice the renewal of any such Consents;
 - 5.2.2 in a manner that is not likely to be injurious to health or to cause damage to property;
 - 5.2.3 in a manner consistent with the Quality Plans;
 - 5.2.4 not used;
 - 5.2.5 in a manner consistent with the Authority discharging its statutory duties and other functions undertaken by it as the same may be notified to Sub-hubco from time to time; and
 - 5.2.6 in so far as not in conflict with an express obligation of Sub-hubco under this Agreement, or where in relation to a matter there is no express obligation or standard imposed on Sub-hubco under this Agreement, in accordance with Good Industry Practice.

In the event that any ambiguity, uncertainty, dispute or discrepancy arises in the nature and scope of Sub-hubco's obligations under this Clause 5.2 (*General Standards*), the provisions of this Clause 5.2 (*General Standards*) will be given meaning and have effect in descending order of precedence set out in this Clause 5.2 (*General Standards*).

Authority's Undertaking

- 5.3 The Authority undertakes to Sub-hubco that it shall:
- 5.3.1 subject to the provisions of this Agreement, comply with all Laws and Consents applicable to it which relate to the Project Operations;
 - 5.3.2 not wilfully impede Sub-hubco in the performance of its obligations under this Agreement (having regard always to the interactive nature of the activities of the Authority and of Sub-hubco and to the Authority's and any Community Services Provider's use of the Facilities to provide the relevant Community Services and any other operations or activities carried out by the Authority or other Community Services Providers on or at the Site for the purposes contemplated by this Agreement and any other of the Authority's or other Community Services Provider's statutory functions);
 - 5.3.3 inform Sub-hubco as soon as reasonably practicable if at any time it becomes unable to meet any of its financial obligations and in such case inform, and keep Sub-hubco informed, of any course of action to remedy

the situation recommended or required by the Scottish Government, the Authority or other competent authority; and

- 5.3.4 to the extent permitted by Law, supply to Sub-hubco within sixty (60) Business Days of their publication, a copy of the Authority's Annual Report and Accounts,

provided that, to avoid doubt, nothing in this Clause 5.3 (*Authority's Undertaking*) shall in any way fetter the discretion of the Authority in fulfilling its statutory functions.

Co-operation

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

6 GENERAL OBLIGATIONS AND RESPONSIBILITIES OF SUB-HUBCO

Other business

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

Sub-hubco Parties

- 6.2 Subject to the provision of Clause 30.1.7, Sub-hubco shall not be relieved or excused of any responsibility, liability or obligation under this Agreement by the appointment of any Sub-hubco Party. Sub-hubco shall, as between itself and the Authority, be responsible for the selection, pricing, performance, acts, defaults, omissions, breaches and negligence of all Sub-hubco Parties. All references in this Agreement to any act, default, omission, breach or negligence of Sub-hubco shall be construed accordingly to include any such act, default, omission, breach or negligence of a Sub-hubco Party.

Safety

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

7 AUTHORITY'S DATA

No liability

- 7.1 The Authority shall not be liable to Sub-hubco for and Sub-hubco shall not seek to recover from the Authority (or from any Authority Party) any damages, losses, costs, liabilities or expenses which may arise (whether in contract, delict or otherwise) from the adoption, use or application of the Disclosed Data by, or on behalf of, Sub-hubco, the Independent Tester or any Sub-hubco Party.

No warranty

- 7.2 The Authority gives no warranty or undertaking of whatever nature in respect of the Disclosed Data and, specifically (but without limitation), the Authority does not warrant that the Disclosed Data represents all of the information in its possession or power (either during the conduct of the tender process for the Project or at the

time of execution of this Agreement) relevant or material to or in connection with the Project or the obligations of Sub-hubco under this Agreement or under any of the Project Documents. In addition, the Authority shall not be liable to Sub-hubco in respect of any failure to disclose or make available to Sub-hubco (whether before, on or after the execution of this Agreement) any information, documents or data, nor any failure to review or to update the Disclosed Data, nor any failure to inform Sub-hubco (whether before, on or after execution of this Agreement) of any inaccuracy, error, omission, defects or inadequacy in the Disclosed Data.

Sub-hubco investigation

7.3 Sub-hubco acknowledges and confirms that:

7.3.1 it has conducted its own analysis and review of the Disclosed Data and has, before the execution of this Agreement, satisfied itself as to the accuracy, completeness and fitness for purpose of any such Disclosed Data upon which it places reliance; and

7.3.2 it shall not be entitled to and shall not (and shall procure that no Sub-hubco Party shall) make any claim against the Authority or any Authority Party whether in contract, delict or otherwise including, without limitation, any claim in damages, for extensions of time or for additional payments under this Agreement on the grounds:

(a) of any misunderstanding or misapprehension in respect of the Disclosed Data; or

(b) that incorrect or insufficient information relating to the Disclosed Data was given to it by any person, whether or not an Authority Party,

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

7.4 Nothing contained in this Clause 7 (Authority's Data) shall have the effect of preventing Sub-hubco from making any claim against the Authority based on any breach by the Authority of the provisions of Clauses 9.3 or 9.4 on the grounds that the Disclosed Data may contain information that is relevant to the title to the Site and that has not been specifically disclosed to Sub-hubco as part of the Reserved Rights, the Title Conditions and/or the Ancillary Rights (as appropriate).

8 REPRESENTATIVES

Representatives of the Authority

8.1 The Authority's Representative shall be Brian Porter or such other person appointed pursuant to this Clause. The Authority's Representative shall exercise the functions and powers of the Authority in relation to the Project Operations which are identified in this Agreement as functions or powers to be carried out by the Authority's Representative. The Authority's Representative shall also exercise such other functions and powers of the Authority under this Agreement as may be notified to Sub-hubco from time to time.

8.2 The Authority's Representative shall be entitled at any time, by notice to Sub-hubco, to authorise any other person to exercise the functions and powers of the Authority delegated to him pursuant to this Clause, either generally or specifically. Any act of any such person shall, for the purposes of this Agreement, constitute an act of the Authority's Representative and all references to the "**Authority's Representative**" in this Agreement (apart from this Clause) shall be taken as

references to such person so far as they concern matters within the scope of such person's authority.

- 8.3 The Authority may by notice to Sub-hubco change the Authority's Representative. The Authority shall (as far as practicable) consult with Sub-hubco prior to the appointment of any replacement for the Authority's Representative, taking account of the need for liaison and continuity in respect of the Project. Such change shall have effect on the date specified in the written notice (which date shall, other than in the case of emergency, be such date as will not cause material inconvenience to Sub-hubco in the execution of its obligations under this Agreement).
- 8.4 During any period when no Authority's Representative has been appointed (or when the Authority's Representative is unable through illness, incapacity or any other reason whatsoever to carry out or exercise his functions under this Agreement) the Authority shall carry out the functions which would otherwise be performed by the Authority's Representative.
- 8.5 No act or omission of the Authority, the Authority's Representative or any officer, employee or other person engaged by the Authority shall, except as otherwise expressly provided in this Agreement:
- 8.5.1 in any way relieve or absolve Sub-hubco from, modify, or act as a waiver or personal bar of, any liability, responsibility, obligation or duty under this Agreement; or
- 8.5.2 in the absence of an express order or authorisation under Schedule Part 16 (*Change Protocol*), constitute or authorise a Change.
- 8.6 Except as previously notified in writing before such act by the Authority to Sub-hubco, Sub-hubco and Sub-hubco's Representative shall be entitled to treat any act of the Authority's Representative which is authorised by this Agreement as being expressly authorised by the Authority and Sub-hubco and Sub-hubco's Representative shall not be required to determine whether an express authority has in fact been given.

School Representative

- 8.7 The head teacher of each School or such other member of staff of the School as the relevant the head teacher may notify in advance to Sub-hubco from time to time, shall undertake the role of a school representative (the "**School Representative**"), which School Representative shall provide a day to day contact with Sub-hubco for the routine operation of this Agreement in respect of the relevant School.
- 8.7A The Wick Community Facility manager or such other member of staff of the Wick Community Facility as the Wick Community Facility manager may notify in advance to Sub-hubco from time to time, shall undertake the role of the Wick Community Facility representative (the "**Community Facility Representative**"), which Community Facility Representative shall provide a day to day contact with Sub-hubco for routine operation of this Agreement in respect of the Wick Community Facility.
- 8.8 Unless pursuant to a specific delegation under Clause 8.9 or otherwise specifically provided for in terms of this Agreement, neither a School Representative nor the Community Facility Representative shall have any power or authority to bind the Authority or vary the terms of this Agreement in any way and Sub-hubco acknowledges that it shall not act on the instructions of or as a consequence of or otherwise rely upon any act or omission of a School Representative or the Community Facility Manager for the purposes of this Agreement unless under a

specific delegation issued pursuant to Clause 8.9 or otherwise specifically provided for in this Agreement.

- 8.9 The Authority's Representative may from time to time by notice to Sub-hubco delegate any of his powers, duties or responsibilities under this Agreement to a School Representative or to the Community Facility Manager, subject to such terms and conditions, and for such duration as may be specified by the Authority's Representative.

Representative of Sub-hubco

- 8.10 Sub-hubco's Representative shall be Linda Shearer or such other person appointed pursuant to Clause 8.11. Sub-hubco's Representative shall have full authority to act on behalf of Sub-hubco for all purposes of this Agreement. Except as previously notified in writing before such act by Sub-hubco to the Authority, the Authority and the Authority's Representative shall be entitled to treat any act of Sub-hubco's Representative in connection with this Agreement as being expressly authorised by Sub-hubco and the Authority and the Authority's Representative shall not be required to determine whether any express authority has in fact been given.
- 8.11 Sub-hubco may by notice to the Authority change Sub-hubco's Representative. Where Sub-hubco wishes to do so it shall by written notice to the Authority propose a substitute for approval, taking account of the need for liaison and continuity in respect of the Project. Such appointment shall be subject to the approval of the Authority (not to be unreasonably withheld or delayed).
- 8.12 Sub-hubco's Key Works Personnel are identified in Schedule Part 3 (*Key Works Personnel*). Sub-hubco shall, as far as it is within Sub-hubco's control, ensure that such persons retain their involvement in the Works and, in particular, will not, for the duration of the Works, require or request any of them to be involved in any other project on behalf of Sub-hubco or any of the Shareholders or its or their Associated Companies if, in the reasonable opinion of the Authority, this would adversely affect the Project.

PART 2: LAND ISSUES

9 NATURE OF LAND INTERESTS

- 9.1 The Head Lease will be granted subject only to the Title Conditions and the Reserved Rights and any rights of way which are apparent from a visual inspection of the Site as at the Commencement Date.
- 9.2 Without prejudice to the requirements of Clause 29.4, Sub-hubco shall notify the Authority in writing as soon as reasonably practicable after becoming aware of any claim asserted by a third party in relation to the Site.

Access During Construction

- 9.3 Notwithstanding the grant of the Sub-Lease, the Authority shall grant to Sub-hubco and Sub-hubco Parties, or procure that Sub-hubco and Sub-hubco Parties are granted:

- 9.3.1 access to the Phase 1 Site from the Commencement Date until the Phase 1 Actual Completion Date or (if earlier) the Termination Date; and
- 9.3.2 access to the Phase 1A Site from the Phase 1 Actual Completion Date until the Phase 1A Actual Completion Date or (if earlier) the Termination Date;
- 9.3.3 access to the Phase 2 Site from 1 week prior to the Phase 1A Actual Completion Date until the Phase 2 Actual Completion Date or (if earlier) the Termination Date;
- 9.3.4 access to the Phase 3 Site from the Phase 2 Actual Completion Date until the Phase 3 Actual Completion Date or (if earlier) the Termination Date; and
- 9.3.5 the Ancillary Rights,

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

9.3A

- 9.3A.1 The parties acknowledge that the servitude rights of access contained in paragraphs 1 and 2 of the Reserved Rights require to be discharged or varied to allow Phase 2 and Phase 3 to be undertaken and completed in accordance with this Agreement.
- 9.3A.2 Sub-hubco shall maintain suitable alternative temporary access to each of the substations referred to in paragraphs 1 and 2 of the Reserved Rights through the Phase 2 Site from the Phase 1A Actual Completion Date to the Phase 2 Actual Completion Date or (if earlier) the Termination Date.
- 9.3A.3 The Authority shall use reasonable endeavours to obtain, on or before 15 January 2016 (the "**Existing Servitudes Variation Date**"), a discharge or variation of the servitude rights set out in paragraphs 1 and 2 of the Reserved Rights from the party entitled to the benefit of the same that will allow Phase 2 and Phase 3 to be undertaken and completed in accordance with this Agreement. The Authority shall not agree the terms of any variation of the servitude rights set out in paragraphs 1 and 2 of the Reserved Rights pursuant to this Clause 9.3A.3 without first obtaining the prior written approval of Sub-hubco (which shall not be unreasonably withheld or delayed). The terms of any such varied servitude right of access shall be

confirmed in writing to Sub-hubco and the rights granted pursuant to such variation shall be deemed to be a Reserved Right following agreement or determination of Sub-hubco's response to the Authority Change Notice referred to below.

- 9.3A.4 Where a variation of the said servitude rights has been agreed with the relevant party pursuant to Clause 9.3A.3, the Authority may, at any point up to and including the Existing Servitudes Variation Date, issue an Authority Change Notice to vary the Works so as to require Sub-hubco to provide an alternative access to the relevant sub-station to a reasonable standard along a new route required by the party entitled to the benefit of such servitude right, and to observe the terms of such servitude rights (as varied) all as required in terms of the agreed variation. The Authority shall not be permitted to withdraw any Authority Change Notice issued under this Clause 9.3A.4.
- 9.3A.5 The Authority acknowledges and agrees that, in the event no Authority Change Notice has been issued pursuant to Clause 9.3A.4 by the Existing Servitudes Variation Date, the provisions of this Clause 9.3A.5 shall apply. Where this Clause 9.3A.5 applies:
- (a) then (subject to the terms of Clause 9.3A.2) Sub-hubco shall be entitled to carry out Phase 2 and Phase 3 notwithstanding that agreement has not been achieved with the party entitled to the benefit of the relevant servitude rights to discharge or vary the same;
 - (b) Sub-hubco shall not be in breach of the provisions of Clause 9.28.1 where Phase 2 and Phase 3 are carried out as aforesaid; and
 - (c) in the event that the party entitled to the benefit of the servitude rights of access contained in paragraphs 1 and 2 of the Reserved Rights or any other relevant body takes legal action to prevent the undertaking or completion of Phase 2 and/or Phase 3 arising out of the servitude rights of access contained in paragraphs 1 and 2 of the Reserved Rights, then such legal action shall be a Delay Event and a Compensation Event.
- 9.3A.6 Notwithstanding the terms of Clause 9.27, the Authority shall be responsible for the proper, reasonable and evidenced legal costs incurred by Sub-hubco and/or the Contractor and/or the party entitled to the benefit of the servitude rights contained in paragraphs 1 and 2 of the Reserved Rights in relation to the negotiation of the discharge and/or variation of the same pursuant to Clause 9.3A.3 and shall bear its own legal costs in this regard.
- 9.3A.7 Notwithstanding any other provision of this Agreement, it is acknowledged that any drawings showing the proposed altered routes to the substations referred to in paragraphs 1 and 2 of the Reserved Rights (or the existing route to the sub-station referred to in paragraph 2 of the Reserved Rights), contained in any drawing or plan forming part of this Agreement, are not deemed to form part of the Works and such altered routes have not been priced for in the "Contract Sum" under the Construction Contract and Sub-hubco is not obliged to deliver those altered routes unless pursuant to Clause 9.3A.4.

Access Following Construction

- 9.4 After the occurrence of the relevant Phase Actual Completion Date, and notwithstanding the grant of the Sub-Lease the Authority shall grant to Sub-hubco and Sub-hubco Parties, or procure that Sub-hubco and Sub-hubco Parties are granted, access to the relevant Phase or the Facilities (as the case may be) subject only to the Reserved Rights, the Title Conditions and the provisions of this Agreement and solely for the purposes of:

- 9.4.1 carrying out the Project Operations;

9.4.2 remedying Defects and carrying out Snagging Matters relating to that Phase and exercising its rights under Clause 23.15; and

9.4.3 exercising the Ancillary Rights, and

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

9.5 The rights referred to at Clause 9.3 and Clause 9.4 are personal to Sub-hubco and the Sub-hubco Parties.

Grant of the Head Lease

9.6 Grant of the Head Lease

9.6.1 The Authority shall grant and Sub-hubco will accept the Head Lease incorporating the following provisions:

9.6.1.1 the date of entry under the Head Lease shall be the Commencement Date and the Head Lease shall endure until the expiry of the Project Term; and

9.6.1.2 the rent payable under the Head Lease shall be £1 per annum (if asked).

9.6.2 Advance Notices

9.6.2.1 The Authority will apply to the Keeper for an Advance Notice for the Head Lease, in the form adjusted with Sub-hubco, to be either (i) entered on the application record for the Site or (ii) recorded in the Register of Sasines, no earlier than 5 Business Days prior to the Commencement Date.

9.6.2.2 Sub-hubco will apply to the Keeper for an Advance Notice for the Sub-lease, in the form adjusted with Sub-hubco, to be either (i) entered on the application record for the Site or (ii) recorded in the Register of Sasines, no earlier than 5 Business Days prior to the Commencement Date (but after the Advance Notice referred to in Clause 9.6.2.1).

9.6.2.3 The Authority consents to Sub-hubco applying to the Keeper for Advance Notices for any deeds which Sub-hubco intends to grant in relation to the Head Lease (including the *Advance Notice referred to in Clause 9.6.2.2* and the grant of any Standard Security in favour of the Funder over the Head Lease interest).

9.6.2.4 The Authority's Solicitors will not provide any letter of obligation undertaking to clear the records of any deed, decree or diligence except in the circumstances set out in Clause 9.6.5.

9.6.2.5 Further Advance Notices

(a) If delivery to Sub-hubco of the Head Lease validly executed by the Authority is likely to occur after the Commencement Date, then the Authority shall, if requested to do so by Sub-hubco, apply for a further or further Advance Notice(s) for the Head Lease to cover a period of at least 14 days after such delivery;

- (b) If delivery to the Authority of the Sub-lease validly executed by Sub-hubco is likely to occur after the Commencement Date, then Sub-hubco shall, if requested to do so by the Authority, apply for a further or further Advance Notice(s) for the Sub-Lease to cover a period of at least 14 days after such delivery

9.6.3 Execution of Head Lease

On the Commencement Date:

- 9.6.3.1 the Authority shall validly execute the Head Lease and deliver the same to Sub-hubco;
- 9.6.3.2 Sub-hubco shall validly execute the Head Lease and exhibit to the Authority its signed Land Registration Application Form in respect of the tenant's interest (to include the following email address: tony.allan@pinsentmasons.com); and
- 9.6.3.3 the Head Lease shall be binding on the Authority and Sub-hubco from the Commencement Date irrespective of whether it is validly executed on that date.

9.6.4 Legal Reports

On the Commencement Date, the Authority shall exhibit to Sub-hubco:

- 9.6.4.1 a legal report(s) over each part of the Site brought down to a date as near as practicable to the Commencement Date which report will show:-
 - (a) no entries adverse to the Authority's interest in the Site;
 - (b) subject to Clause 9.6.5 the Notices of Title;
 - (c) subject to Clause 9.6.5 the Advance Notice for the Head Lease; and
 - (d) no other Advance Notices other than those submitted by Sub-hubco; and
- 9.6.4.2 a letter of consent from the holder of any standard security or floating charge over the Authority's interest in the Site.

9.6.5 In the event that

- 9.6.5.1 The Notices of Title do not appear on the Legal Reports in terms of 9.6.4.1(b) the Authority undertakes to procure registration of the Notices of Title and to deliver to Sub-hubco an updated Legal Report disclosing such registration within 3 working days of Completion; and
- 9.6.5.2 Advance Notices have been submitted to but not yet issued by the Land Register as at Completion, it is agreed that the Authority and Sub-hubco will each deliver to the other a letter of obligation from its solicitors in Agreed Form.

9.7 Land Registration Requirements

- 9.7.1 Subject to Clause 9.7.2 the Authority shall deliver to Sub-hubco such documents and evidence as the Keeper may require to enable the Keeper to create the Title Sheet of the Head Lease to disclose Sub-hubco as the registered proprietor of the whole of the tenant's right in the Head Lease of the Site. Such documents will include:-
- 9.7.1.1 a plan or bounding description sufficient to enable the Site to be identified on the cadastral map; and
- 9.7.1.2 evidence (such as a plans report) that (i) the description of the Site in the Title Deeds is habile to include the whole of the occupied extent and (ii) there is no conflict between the extent of the Site and any registered cadastral units.
- 9.7.2 After the Commencement Date, the Authority will deliver such documents and evidence as are specified in Clause 9.7.1 only if the Head Lease is presented for registration within 14 days of the Commencement Date or if later, 14 days from receipt of the Head Lease validly executed by the Authority.
- 9.7.3 In addition, whereas section 24(2) of the 2012 Act (i.e. automatic plot registration) applies to the grant of the Head Lease, the Authority will deliver to Sub-hubco (at the Authority's cost) on demand from time to time such documents and evidence as the Keeper may require to enable the Keeper to create a Title Sheet for the Site to disclose the Authority as the registered proprietor of the whole of the Site. Such documents will include:-
- 9.7.3.1 a plan or bounding description sufficient to enable the Site to be delineated on the cadastral map; and
- 9.7.3.2 evidence (such as a plans report) that (i) the description of the Site in the Title Deeds is habile to include the whole of the occupied extent; and (ii) there is no conflict between the extent of the Site and registered cadastral units.
- 9.7.4 As soon as reasonably practicable after the Keeper notifies Sub-hubco that she has accepted the Head Lease (for registration) Sub-hubco must return to the Authority the documents and evidence referred to in Clause 9.7.3 to the extent that the Keeper does not require them to be submitted to her.

9.8 Post Completion

Provided that the Head Lease is registered in the Land Register of Scotland prior to the later of (A) the earlier of (i) 14 days from the Commencement Date and (ii) the date of expiry of the last Advance Notice registered in relation to the Head Lease in terms of Clause 9.6.2.1 and (B) 14 days from receipt of the Head Lease validly executed by the Authority, the newly created Title Sheet of the Head Lease of the Site will contain no exclusion or limitation of warranty in terms of section 75 of the 2012 Act and disclose no entry, deed or diligence (including any charging order under the Buildings (Recovery of Expenses) (Scotland) Act 2014 or any notice of potential liability for costs registered under the Tenements (Scotland) Act 2004 or the Title Conditions (Scotland) Act 2003) prejudicial to the interest of Sub-hubco other than such as are created by or against Sub-hubco or have been disclosed to and accepted in writing by Sub-hubco prior to the Commencement Date DECLARING that Sub-hubco shall not be entitled to object to any such entry, deed or diligence which does not prevent or restrict Sub-hubco from carrying out Project Operations in accordance with this Agreement.

Registration of the Head Lease

- 9.9 If the transaction is notifiable for SDLT purposes, Sub-hubco will:
- 9.9.1 submit (by electronic submission at the option of Sub-hubco) to HMRC within five (5) Business Days after the date of substantial performance (as defined in Section 44 of the Finance Act 2003) a completed and signed form (SDLT1) (with Sub-hubco's Representative's address selected as the response to question 58) together with any applicable supplementary forms; and
 - 9.9.2 pay the SDLT (if any) due and payable within 30 days of the said date of substantial performance.
- 9.10 If prior to the issue of the Land Transaction Return Certificate (SDLT5) or electronic submission receipt (as the case may be) HMRC rejects Sub-hubco's SDLT application, Sub-hubco will without delay:
- 9.10.1 provide the Authority with a copy of any such rejection and other relevant correspondence; and
 - 9.10.2 correct the application and resubmit it with a remittance for the correct amount of the SDLT to HMRC and generally do everything necessary to procure the issue of the Land Transaction Return Certificate (SDLT5) or electronic submission receipt (as the case may be).
- 9.11 Within five (5) Business Days after receipt from HMRC, Sub-hubco will deliver to the Authority's Representative the Land Transaction Return Certificate (SDLT5) or electronic submission receipt (as the case may be) issued by HMRC.
- 9.12 Sub-hubco will within five (5) Business Days after receipt of the last of the SDLT5 and the validly executed Head Lease from the Authority submit the Head Lease and the SDLT5 to the Keeper for registration in the Land Register and the Books of Council and Session for preservation and execution. Sub-hubco will deliver to the Authority within five (5) Business Days after receipt of the same two (2) extracts of the registered Head Lease.
- 9.13 Sub-hubco undertakes that if it breaches the terms of the obligations to pay registration dues and SDLT in Clauses 9.9 to 9.12 inclusive it will indemnify the Authority in respect of any and all loss suffered by the Authority by virtue of such breach,
- 9.14 Sub-hubco will deliver to the Authority within five (5) Business Days after receipt from the Keeper (1) a copy of the Keeper's acknowledgement showing the title number to be allocated to the title sheet for Sub-hubco's interest and (2) a copy of the Land Certificate for that interest, with a colour copy of the title plan.
- 9.15 Neither Sub-hubco nor any Sub-hubco Party shall be entitled to any compensation on the expiry or earlier determination of the Head Lease save as set out in this Agreement.

Title/Completion

- 9.16 Without prejudice to any other provision of this Agreement, the Head Lease shall be granted subject to but, where applicable with the benefit (to the extent the Authority is capable of transferring the same) of:
- 9.16.1 all notices, orders, proposals or requirements whatsoever affecting or relating to the Site or any part thereof given or made by any government department or by any statutory undertaker or by any public local authority or other competent authority at any time after the Commencement Date;

9.16.2 all actual or proposed charges, orders, proposals, restrictions, agreements, notices or other matters whatsoever affecting or relating to the Site or any part thereof or any building or other structure thereon or any part thereof under the Planning Acts or any other statutory regulation at any time after the Commencement Date; and

9.16.3 the Title Conditions and the Reserved Rights.

Grant of the Sub-Lease

9.17 Grant of the Sublease

9.17.1 Sub-hubco will grant and the Authority will accept the Sub-Lease incorporating the following provisions:

9.17.1.1 the date of entry under the Sub-Lease shall be the Commencement Date and the Sub-Lease shall endure until the expiry of the Project Term;

9.17.1.2 the rent payable under the Sub-Lease shall be £1 per annum (if asked).

9.17.2 Letter of obligation

9.17.2.1 Sub-hubco's Solicitors will not provide any letter of obligation undertaking to clear the records of any deed, decree or diligence except in the circumstances set out in Clause 9.6.5.

9.17.3 Execution of the Sub-lease

On the Commencement Date:

9.17.3.1 Sub-hubco shall validly execute the Sub-Lease and deliver the same to the Authority's Representative;

9.17.3.2 the Authority shall validly execute the Sub-Lease and exhibit to Sub-hubco signed Land Registration Application Form in respect of the tenant's interest (to include the following email address: kathryn.black@harpermacleod.co.uk), and

9.17.3.3 the Sub-Lease shall be binding on the Authority and Sub-hubco from the Commencement Date irrespective of whether it is validly executed on that date.

9.18 Consent

9.18.1 On the Commencement Date Sub-hubco shall exhibit to the Authority a letter of consent from the holder of any standard security or floating charge over the Sub-hubco's interest in the Head Lease of the Site

9.19 Land Registration Requirements

9.19.1 Subject to Clause 9.19.2 Sub-hubco shall deliver to the Authority such documents and evidence as the Keeper may require to enable the Keeper to create the Title Sheet of the Sub-Lease to disclose the Authority as the registered proprietor of the whole of the tenant's right in the Sub-Lease of the Site, Such documents will include:-

- (a) a plan or bounding description sufficient to enable the Site to be identified on the cadastral map; and
 - (b) evidence (such as a plans report) that (i) the description of the Site in the Title Deeds is habile to include the whole of the occupied extent and (ii) there is no conflict between the extent of the Site and any registered cadastral units
- 9.19.2 After the Commencement Date, Sub-hubco will deliver such documents and evidence as are specified in Clause 9.19.1 only if the Sub-Lease is presented for registration within 14 days of the Commencement Date or if later, 14 days from receipt of the Sub-Lease validly executed by Sub-hubco.
- 9.19.3 Provided that the Sub-Lease is registered in the Land Register of Scotland prior to the later of (A) the earlier of (i) 14 days from the Commencement Date and (ii) the date of expiry of the last Advance Notice registered in relation to the Sub-Lease in terms of Clause 9.6.2.2; and (ii) 14 days from receipt of the Sub-Lease validly executed by Sub-hubco, the newly created Title Sheet of the Sub-Lease of the Site will contain no exclusion or limitation of warranty in terms of section 75 of the 2012 Act and disclose no entry, deed or diligence (including any charging order under the Buildings (Recovery of Expenses) (Scotland) Act 2014 or any notice of potential liability for costs registered under the Tenements (Scotland) Act 2004 or the Title Conditions (Scotland) Act 2003) prejudicial to the interest of the Authority other than such as are created by or against the Authority or have been disclosed to and accepted in writing by the Authority prior to the Commencement Date.

Registration of the Sub-Lease

- 9.20 If the transaction is notifiable for SDLT purposes, the Authority will submit to HMRC within five (5) Business Days after the earlier of (1) the date of substantial performance (as defined in Section 44 of the Finance Act 2003) and (2) the last date of execution of the Sub-Lease a completed and signed form (SDLT1) (with the Authority's Representative's address selected as the response to question 58) together with any applicable supplementary forms and pay the SDLT (if any) due and payable.
- 9.21 If prior to the issue of a Land Transaction Return Certificate (SDLT5) HMRC rejects the Authority's SDLT application, the Authority will without delay:
- 9.21.1 provide Sub-hubco with a copy of any such rejection and other relevant correspondence;
 - 9.21.2 correct the application and resubmit it with a remittance for the correct amount of the SDLT to HMRC and generally do everything necessary to procure the issue of the Land Transaction Return Certificate (SDLT5).
- 9.22 Within five (5) Business Days after receipt from HMRC, the Authority will deliver to Sub-hubco's Representative the Land Transaction Return Certificate (SDLT5) issued by HMRC.
- 9.23 The Authority will within five (5) Business Days after receipt of the SDLT5 and the executed Sub-Lease from Sub-hubco submit the Sub-Lease and the SDLT5 to the Keeper for registration in the Land Register and the Books of Council and Session for preservation and execution. The Authority will deliver to Sub-hubco within five (5) Business Days after receipt of the same two (2) extracts of the registered Sub-Lease.

- 9.24 The Authority undertakes that if it breaches the terms of Clauses 9.20 to 9.23 inclusive it will indemnify Sub-hubco in respect of any and all loss suffered by Sub-hubco directly by virtue of such breach.
- 9.25 The Authority will deliver to Sub-hubco within five (5) Business Days after receipt from the Keeper (1) a copy of the Keeper's acknowledgement showing the title number to be allocated to the title sheet for the Authority's interest and (2) a copy of the Land Certificate for that interest, with a colour copy of the title plan.
- 9.26 Neither the Authority nor any Authority Party shall be entitled to any compensation on the expiry or earlier determination of the Sub-Lease save as set out in this Agreement.

Extent of Rights

- 9.27 Notwithstanding the terms of Clauses 9.3 and 9.4 or any other rights granted under this Agreement, the Authority shall (if it is the heritable proprietor of the Site), or (if it is not the heritable proprietor of the Site) shall procure that the heritable proprietor of the Site shall, enter into such wayleaves, deeds of servitude or other similar agreements with any third party that Sub-hubco or any Sub-hubco Party may require to be granted in favour of or by any third party, in order to exercise its rights or perform its obligations under this Agreement. The Authority shall enter into (or, where appropriate, shall procure that the heritable proprietor of the Site shall enter into) any such wayleave, deed of servitude or other similar agreement, as soon as reasonably practicable after Sub-hubco has provided to the Authority all relevant information in connection therewith provided always that Sub-hubco has obtained at its own cost the prior agreement of the third party in terms acceptable to the Authority (acting reasonably). Sub-hubco shall reimburse the Authority for all costs and expenses reasonably and properly incurred by the Authority (and/or the heritable proprietor of the Site) in connection with entering into such wayleaves, deeds of servitude or other similar agreements at the request of Sub-hubco.
- 9.28 Sub-hubco shall procure that:
- 9.28.1 all Project Operations carried out at the Site by or on behalf of Sub-hubco (whether before, during or after the completion of the Works) shall be carried out in a manner which does not breach any of the Title Conditions and/or the Reserved Rights; and
- 9.28.2 there shall be no action, or omission to act by Sub-hubco or a Sub-hubco Party which shall give rise to a right for any person to obtain title to the Site or any part of it.
- 9.29 The Authority shall have the right to occupy the Facilities and to provide (or procure the provision by Community Services Providers of) Community Services from the relevant Facilities, with effect from the relevant Phase Actual Completion Date.

9.30 Substation Chamber

Whereas

- 9.30.1 the Substation for the Building is to be installed within a Substation Chamber within the Building together with rights of access and to install cabling;
- 9.30.2 the Substation Chamber will require to be released from the Head Lease and the Sub-Lease once the location has been finalised which the Authority and Sub-hubco have agreed to facilitate through entering into the Minute of Partial Renunciation of Head Lease and Minute of Partial Renunciation of Sub-Lease;

- 9.30.3 the Authority and Sub-hubco have approved the Proposed Substation Chamber Location and the Proposed Access Routes and Proposed Cable Routes for the installation of the Substation;
- 9.30.4 if however the location of the Substation Chamber and the access routes and cable routes require to be adjusted, the Authority and Sub-hubco have agreed to co-operate in agreeing the final locations of the Substation Chamber and access routes and cable routes

NOW THEREFORE the Authority and Sub-hubco agree as follows:

9.30.5 The Authority to provide information

The Authority shall (at no cost or other consideration payable by the relevant statutory undertaker or Sub-hubco or any Sub-hubco Party:

9.30.5.1 issue all information relevant to the Authority's title to the Proposed Substation Chamber Location and the Proposed Access Routes and the Proposed Cable Routes to Sub-hubco or (at Sub-hubco's request) directly to the solicitors appointed by the relevant statutory undertaker, within 10 Business Days of request;

9.30.5.2 respond to all (if any) enquiries that may be made by the solicitors appointed by the relevant statutory undertaker relating to the Authority's title to the Proposed Substation Chamber Location and the Proposed Access Routes and the Proposed Cable Routes within 10 Business Days of receipt;

9.30.5.3 act reasonably when responding to any enquiries pursuant to Clause 9.30.5.2 and negotiating and agreeing the terms of any missives relating to the lease of the Proposed Substation Chamber Location and related rights over the Proposed Access Routes and the Proposed Cable Routes to the relevant statutory undertaker;

9.30.6 Agreement on Proposed Substation Chamber Location and the Proposed Access Routes and the Proposed Cable Routes

WHERE the Proposed Substation Chamber Location and the Proposed Access Routes and the Proposed Cable Routes are approved by the relevant statutory undertaker as the final locations for the same; and

9.30.6.1 either no enquiries are issued pursuant to Clause 9.30.5 or any such enquiries that are issued are reasonable in nature; and

9.30.6.2 the solicitors appointed by the relevant statutory undertaker issue an offer relating to the lease of the Substation Chamber promptly following the Authority's receipt of the request referred to below and that is on reasonable terms, or alternatively it is agreed that no missives relating to the lease of the Substation Chamber to the relevant statutory undertaker are required; and

9.30.6.3 the relevant statutory undertaker is prepared to accept a lease of the Substation Chamber substantially in the form of the Substation Lease,

THEN not later than 4 months of the Authority's receipt of the request of Sub-hubco:

- (a) the Authority and Sub-hubco shall enter into the Minute of Partial Renunciation of Head Lease and Minute of Partial Renunciation of Sub-Lease to (i) release the Proposed Substation Chamber Location from the Head Lease and the Sub-Lease and (ii) consent to the rights over the Proposed Access Routes and the Proposed Cable Routes, contemporaneously with the grant of the lease to the relevant statutory undertaker as hereinafter provided for (and the Authority and Sub-hubco will each give all reasonable assistance to the other to effect the registration of such Minute of Partial Renunciation of Head Lease and Minute of Partial Renunciation of Sub-Lease in the Land Register of Scotland); and
- (b) the Authority shall validly execute in a self-proving manner and deliver to the relevant statutory undertaker the lease to the relevant statutory undertaker of the Proposed Substation Chamber Location for such purpose substantially in the form of the Substation Lease;

or
- (c) WHERE the provisions of Clause 9.30.6.1 applies, but Clauses 9.30.6.2 – 9.30.6.3 do not apply, the Authority will use all reasonable endeavours to agree with the statutory undertaker an alternative form of lease and/or missives as appropriate and enter into the same not later than 4 months of the Authority's receipt of Sub-hubco's request and thereafter as soon as reasonably practicable the Authority and Sub-hubco shall comply with Clauses 9.30.6.3(a) and 9.30.6.3(b)

or
- (d) In any other case, the Authority will use all reasonable endeavours to agree with the statutory undertaker an alternative form of lease and/or missives as appropriate and enter into the same as soon as reasonably practicable after the Authority's receipt of Sub-hubco's request and thereafter as soon as reasonably practicable the Authority and Sub-hubco shall comply with Clauses 9.30.6.3(a) and 9.30.6.3(b)

9.30.7 No agreement on Proposed Substation Chamber Location and the Proposed Access Routes and the Proposed Cable Routes

WHERE the Proposed Substation Chamber Location and the Proposed Access Routes and the Proposed Cable Routes are not approved by the relevant statutory undertaker as the final locations for the same;

THEN

9.30.7.1 The Authority and Sub-hubco shall use all reasonable endeavours to agree the final locations of the Substation Chamber and the access routes and cable routes ("Amended Locations") as soon as practicable and THEREAFTER:

9.30.7.2 WHERE the provisions of Clause 9.30.6.1 - 9.30.6.3 apply, the Authority and Sub-hubco will to comply with Clauses 9.30.6.3(a) and 9.30.6.3(b) not later than 4 months of the Authority's receipt of Sub-hubco's request;

or

9.30.7.3 WHERE the provisions of Clause 9.30.6.1 applies, but Clauses 9.30.6.2 – 9.30.6.3 do not apply, the Authority and Sub-hubco will use all reasonable endeavours to agree with the statutory undertaker an alternative form of lease and/or missives as appropriate and enter into the same not later than 4 months of the Authority's receipt of Sub-hubco's request and thereafter as soon as reasonably practicable the Authority and Sub-hubco shall comply with Clauses 9.30.6.3(a) and 9.30.6.3(b);

or

9.30.7.4 In any other case, the Authority will use all reasonable endeavours to agree with the statutory undertaker an alternative form of lease and/or missives as appropriate and enter into the same as soon as reasonably practicable after the Authority's receipt of Sub-hubco's request and thereafter as soon as reasonably practicable the Authority and Sub-hubco shall comply with Clauses 9.30.6.3(a) and 9.30.6.3(b).

9.30.8 Approval of Sub-hubco/Lift & Shift

In any of the preceding cases, the Authority shall obtain the prior written approval of Sub-hubco of the terms of any such lease of the Substation Chamber, which approval shall be provided where such lease is in or substantially in the form of the Substation Lease and otherwise shall not be unreasonably withheld or delayed where the rights granted in favour of the relevant statutory undertaker do not materially interfere with the discharge by Sub-hubco of the Project Operations. Notwithstanding anything to the contrary in this agreement, at the option of the Authority, whatever form of lease is used for the Substation Chamber it shall include lift and shift provisions in terms acceptable to the Authority acting reasonably. Where lift and shift provisions are to be included, they shall be in terms approved by Sub-hubco, acting reasonably, and Sub-hubco shall not withhold consent where the relevant provisions cannot be operated during the Project Term.

10 THE SITE

10.1 The condition of the Site shall subject to Clauses 10.3 and 10.4 be the sole responsibility of Sub-hubco. Accordingly (without prejudice to any other obligation of Sub-hubco under this Agreement), Sub-hubco shall be deemed to have:

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

10.1.2 satisfied itself as to the nature of the Site Conditions, the ground and the subsoil, the form and nature of the Site, the load bearing and other relevant properties of the Site, the risk of injury or damage to property affecting the Site, the nature of the materials (whether natural or otherwise) to be excavated and the nature of the design, work and materials necessary for the execution of the Works;

- 10.1.3 satisfied itself as to the extent and adequacy of the Site and of the rights of access to and through the Site granted hereunder and any accommodation it may require for the purposes of fulfilling its obligations under this Agreement (such as additional land or buildings outside the Site) without prejudice to Sub-hubco's rights under Clause 9.3, Clause 9.4 and the Head Leases;
 - 10.1.4 satisfied itself as to the precautions, times and methods of working necessary to prevent any nuisance or interference, whether public or private, being caused to any third parties; and
 - 10.1.5 satisfied itself as to the conditions, burdens, restrictions and reservations set out in the Title Conditions and the Reserved Rights.
- 10.2 To avoid doubt, Sub-hubco accepts full responsibility for all matters referred to in Clause 10.1 and, subject to Clauses 10.3 and 10.4, Sub-hubco shall:
- 10.2.1 not be entitled to make any claim against the Authority of any nature whatsoever save, if applicable, as expressly provided in Clause 29 (*Delay Events*), on any grounds including (without limitation) the fact that incorrect or insufficient information on any matter relating to the Site was given to it by any person, whether or not the Authority or an Authority Party; and
 - 10.2.2 be responsible for, and hold the Authority harmless from, cleaning up and/or otherwise dealing with any Contamination at the Site so that it shall at all times comply with its obligations under this Agreement including (without limitation) complying with, at its own cost, any applicable Laws and any Consents, orders, notices or directions of any regulatory body (whether made against the Authority or Sub-hubco).

Responsibility for Ground Conditions and Contamination

- 10.3 To the extent that unforeseen ground conditions and/or Contamination exist in any relevant parts of the Site which are under existing buildings as at the Commencement Date and which it is not practical for Sub-hubco to investigate or survey, Sub-hubco shall not be responsible for them, unless they were discovered by the Ground Physical and Geophysical Investigation and accordingly identified in Section 3 (*Authority's Construction Requirements*) of Schedule Part 6 (*Construction Matters*) or unless they should reasonably have been discoverable if the Ground Physical and Geophysical Investigation had been properly carried out or unless they would have been identified had Sub-hubco carried out such additional surveys as it would have been reasonable to expect an experienced contractor to have carried out in the circumstances. The Authority shall be responsible for any ground conditions and/or Contamination for which Sub-hubco is not responsible by virtue of this Clause 10.3. This Clause 10.3 applies to the Demolition Sites only.
- 10.4 Where pursuant to Clause 10.3 the Authority is responsible for any of the matters referred to then the following provisions shall apply:
- 10.4.1 during the relevant Construction Phase any such matter shall be deemed to be a Compensation Event for the purposes of this Agreement;
 - 10.4.2 where any such matter arises during the relevant Operational Term it shall, for the avoidance of doubt, be deemed to be an Excusing Cause for the purposes of Clause 51 (*Excusing Causes*);
 - 10.4.3 further where any such matter arises during the relevant Operational Term and any work or change to the Services is required or instructed to be

done in consequence of it, it shall be deemed to be a Qualifying Change;
and

- 10.4.4 where any such matter is Contamination (whether during the relevant Construction Phase or the relevant Operational Term) the Authority shall further hold Sub-hubco harmless from cleaning up and otherwise dealing with the Contamination and shall indemnify Sub-hubco in respect of all Direct Losses incurred by Sub-hubco resulting from such Contamination.
- 10.5 Subject to Clauses 10.6 to 10.12 below, Sub-hubco shall be responsible for and shall hold the Authority harmless from the removal of any Asbestos at a Demolition Site and the Authority shall have no liability in respect of the removal of any Asbestos at a Demolition Site other than as set out in Clauses 10.6 to 10.12.
- 10.6 The Authority shall provide the Interim Asbestos Survey Report to Sub-hubco on or prior to 30 January 2015.
- 10.7 Sub-hubco shall procure that a pro-forma schedule of rates and prices (in a form agreed with the Authority acting reasonably) is prepared to address the types of asbestos identified in the Interim Asbestos Survey to issue to the Demolition Contractor to price ("the **Price Indication**").
- 10.8 Sub-hubco shall provide the Authority with a copy of the Price Indication no later than 31 March 2015 and the Authority shall notify Sub-hubco whether the rates or prices are disputed within fifteen (15) Business Days of the Authority's receipt hereof. Where the Authority notifies Sub-hubco that it agrees with the terms of the Price Indication within the said fifteen (15) Business Day period, or the said period expires without any notification from the Authority as to whether or not the Price Indication is accepted, then the rates and prices set out in the Price Indication shall be used by Sub-hubco in calculating any compensation which may become due in terms of Clause 10.10 or Clause 10.11. In the event the Authority notifies Sub-hubco within the said fifteen (15) Business Day period that it disagrees with any part of the Price Indication and such notification has not subsequently been superseded by a notice of acceptance, then a Dispute shall be deemed to have arisen, as at the expiry of the said fifteen (15) Business Day period, on the rates and prices to be used by the Sub-hubco in calculating any compensation which may become due in terms of Clause 10.10 or Clause 10.11 and Clause 56 shall apply. Where a Dispute arises in terms of this Clause 10.8, it shall be agreed between the parties or determined on the basis that Sub-hubco shall be entitled to charge fair and reasonable rates and prices for the removal and disposal of Additional Asbestos.
- 10.9 Following agreement or determination of the rates and prices for Additional Asbestos in accordance with Clause 10.8, Sub-hubco shall advise its estimate of:
- 10.9.1 any increase or decrease in the Asbestos Works Estimated Costs, calculated on the basis of such rates and prices, and reflecting the aggregate of any increased design and construction costs (including insurance costs and costs that arise as a consequence of the effect on the regular progress of the Works) less the aggregate of any reduction in design and construction costs; and/or
- 10.9.2 any anticipated delay in completion of the Asbestos Works; and/or
- 10.9.3 any corresponding extension or reduction in the Asbestos Works Period,
- in each case as a result of the nature and/or extent and/or location of Asbestos identified in the Interim Asbestos Survey Report differing from the nature and/or extent and/or location of the Asbestos identified in the Management Survey. Such estimate is for information only and no relief or compensation or extension of time

shall be granted as a result of Asbestos other than in accordance with Clause 10.10 and/or 10.11.

10.10 To the extent that, only as a result of the nature and/or extent and/or location of the Additional Asbestos, the period of time taken to complete the Asbestos Works at a Demolition Site is longer than the relevant Asbestos Works Period ("**Additional Asbestos Delay**"), Sub-hubco will be entitled to apply for relief from its obligations and/or compensation in accordance with Clause 29 (Delay Events) provided that:

10.10.1 compensation for any additional direct costs and associated expenditure incurred by Sub-hubco for the removal and disposal of the Additional Asbestos shall be calculated on the basis of the rates and prices agreed or determined pursuant to Clause 10.8 (or otherwise on a fair and reasonable basis, where the schedule of rates and prices does not deal with the nature, type and location of the asbestos) and shall be paid as provided for in Clause 10.11 below; and

10.10.2 any compensation payable in respect of the elements identified in Schedule Part 28 shall not exceed the Contractor Prolongation Costs for those elements identified therein; and

10.10.3 Clause 29 (*Delay Events*) shall be construed accordingly.

10.11 Subject to Clause 10.10, in respect of any additional direct costs and associated expenditure incurred by Sub-hubco as a result of the nature and/or extent and/or location of the Additional Asbestos (whether or not there has been an Additional Asbestos Delay):

10.11.1 Sub-hubco shall deliver to the Authority a VAT invoice for such additional direct costs and associated expenditure, calculated on the basis of the agreed or determined rates and prices (or otherwise on a fair and reasonable basis, where the schedule of rates and prices does not deal with the nature, type and location of the asbestos), in each month in which they are incurred together with copies of the records maintained by the Contractor and the Demolition Contractor to show the amount of Additional Asbestos removed from the relevant Demolition Site and the associated expenditure during such month and such additional supporting information as the Authority may reasonably request; and

10.11.2 the Authority shall pay to Sub-hubco the amount of each such invoice (provided that it reflects the records and schedule of rates referred to in Clause 10.10.1 above) within 20 Business Days of receipt of the same.

10.12 Unless the exposure arises directly or indirectly as a result of any act or omission of Sub-hubco or any Sub-hubco Party, the Authority accepts full responsibility (including any financial and other consequences which result (whether directly or indirectly) for death and personal injury in respect of exposure to Asbestos on a Demolition Site, where the exposure takes place prior to the date on which Sub-hubco is given possession of a Demolition Site for the purposes of carrying out the Works.

11 **CONSENTS & PLANNING APPROVAL**

11.1 Sub-hubco shall be responsible for:

11.1.1 without prejudice to Clause 11.1A, obtaining all Consents which may be required for the performance of the Project Operations; and

11.1.2 subject to Clause 11.1B, implementing each Consent within the period of its validity in accordance with its terms.

11.1A The Authority shall be responsible for obtaining, discharging and implementing the Authority Consents to the extent the Authority has a duty pursuant to the Fire (Scotland) Act 2005 and/or the Fire Safety (Scotland) Regulations 2006 (including duties of the Authority to its employees and the duties of the Authority as the person having control of the Facilities as relevant premises under such Act and Regulations) provided that nothing in this Clause 11.1A shall make the Authority responsible for carrying out any fire risk assessment that is required pursuant to such Act and/or Regulations in relation to any employees of Sub-hubco and/or any Sub-hubco Party, or any assessment of the Facilities that Sub-hubco and/or any Sub-hubco Party is required to carry out by virtue of such party having an obligation to undertake the maintenance and/or repair of the Facilities.

11.1B The Authority shall be responsible for discharging, implementing and/or complying with the Authority Planning Conditions.

11.2 In the event that:

11.2.1 a Consent that has been granted is subsequently amended, repealed, revoked or otherwise ceases to be in full force and effect in accordance with its terms as a consequence of any action by a Relevant Authority;

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

11.2.3 Sub-hubco is not entitled in its own name to claim under that scheme but the Authority is so entitled,

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

PART 3: DESIGN AND CONSTRUCTION

12 THE DESIGN CONSTRUCTION AND COMMISSIONING PROCESS

Overall Responsibility

- 12.1 Sub-hubco shall carry out the Works:
- 12.1.1 so as to procure satisfaction of the Authority's Construction Requirements;
 - 12.1.2 in accordance with Sub-hubco's Proposals; and
 - 12.1.3 in accordance with the terms of this Agreement.
- 12.2 To avoid doubt, the obligations in Clauses 12.1.1, 12.1.2 and 12.1.3 are independent obligations. In particular:
- 12.2.1 the fact that Sub-hubco has complied with Sub-hubco's Proposals shall not be a defence to an allegation that Sub-hubco has not satisfied the Authority's Construction Requirements; and
 - 12.2.2 the fact that Sub-hubco has satisfied the Authority's Construction Requirements shall not be a defence to an allegation that Sub-hubco has failed to comply with Sub-hubco's Proposals.

Design responsibility

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

Corporate Identity and Signage

- 12.4 The parties acknowledge that the Authority may, from time to time during the Construction Phase, be required to procure the erection of hoarding, site boards, plaques and/or other signage in connection with the Project. Accordingly:
- 12.4.1 where requested by the Authority (acting reasonably), Sub-hubco shall procure the erection and maintenance of such hoarding, site boards, plaques and/or other signage as the Authority may require; and
 - 12.4.2 the size, design, information disclosed, position and materials used in connection with such hoarding, site boards, plaques or other signage shall be approved by the Authority, such approval not to be unreasonably withheld; and
 - 12.4.3 not used.

Authority design approval

- 12.5 The Authority confirms that, as at the date of this Agreement, it has reviewed such of Sub-hubco's Proposals as are set out in the Operational Functionality List and that such proposals satisfy the Authority's requirements in respect of Operational Functionality, so far as can reasonably be determined given the level of detail of Design Data which has been disclosed to the Authority.

12.6 Sub-hubco shall develop and finalise the design and specification of the Works and the Authority shall review the Reviewable Design Data in accordance with Schedule Part 8 (*Review Procedure*) and the provisions of this Clause 12.6:

12.6.1 Sub-hubco shall submit the Reviewable Design Data and the design of any Changes developed in accordance with the procedure set out in Schedule Part 16 (*Change Protocol*) to the Authority's Representative for review under Schedule Part 8 (*Review Procedure*). Sub-hubco shall not commence or permit the commencement of construction of the part or parts of the Facilities to which such Reviewable Design Data relates until it has submitted the appropriate Reviewable Design Data and either it is confirmed by the Authority's Representative that Sub-hubco is entitled to proceed with construction in accordance with paragraph 3.3 of Schedule Part 8 (*Review Procedure*) or Sub-hubco is:

- (a) disputing the status of such Reviewable Design Data pursuant to paragraph 1.3.1 or paragraph 4.3 of Schedule Part 8 (*Review Procedure*); and
- (b) proceeding at risk pursuant to paragraph 1.3.2 of Schedule Part 8 (*Review Procedure*).

12.6.2 with effect from the date at which any item of Reviewable Design Data is or becomes an Approved RDD Item in accordance with Schedule Part 8 (*Review Procedure*), such Approved RDD Item shall for the purposes of this Agreement be deemed to have satisfied the requirements of the Authority in the manner and to the extent set out in, Table A in Appendix 1 of Schedule Part 8 (*Review Procedure*);

12.6.3 Sub-hubco shall allow the Authority's Representative, at any time, a reasonable opportunity to view any items of Design Data, which shall be made available to the Authority's Representative as soon as practicable following receipt of any written request from the Authority's Representative; and

12.6.4 Sub-hubco shall procure that the Contractor establishes and maintains a computerised design database which Sub-hubco and the Authority's Representative may access remotely by computer to view drawings comprised within the Design Data (including Reviewable Design Data) and electronically store and/or print copies of such Design Data. In the event of the Authority's Representative being unable to access such design database, Sub-hubco shall procure that it is made available for inspection by the Authority's Representative, or any other person authorised by the Authority's Representative.

Rectification of Sub-hubco's Proposals

12.7 Without prejudice to Clause 12.1, if it should be found that Sub-hubco's Proposals do not fulfil the Authority's Construction Requirements, Sub-hubco shall at its own expense, and in accordance with Clause 12.8 below, amend Sub-hubco's Proposals and rectify the Works or any part affected. Such amendment and rectification shall have the effect that:

12.7.1 Sub-hubco's Proposals shall satisfy the Authority's Construction Requirements; and

12.7.2 following the amendment or rectification, the structural, mechanical and electrical performance of the Facilities will be of an equivalent standard of performance to that set out in Sub-hubco's Proposals prior to their amendment or rectification (for the purpose of this comparison

disregarding the fault which required the amendment or rectification to be made).

- 12.8 Where Clause 12.7 applies, Sub-hubco shall submit its proposal for amending Sub-hubco's Proposals and rectifying the Works (or any part affected) to the Authority's Representative for review under Schedule Part 8 (*Review Procedure*) and shall not amend Sub-hubco's Proposals or commence or allow the commencement of the rectification of the Works (or any part affected) until it is permitted to proceed in accordance with Schedule Part 8 (*Review Procedure*).

Construction Skills Certification Scheme

- 12.9 Sub-hubco shall ensure that all persons engaged in carrying out the Works (or part thereof) on the Site are accredited under the Construction Skills Certification Scheme or an equivalent scheme and where Sub-hubco enters into a sub-contract for the purposes of carrying out the Works Sub-hubco shall cause a term to be included in such sub-contract:

12.9.1 which requires the sub-contractor to ensure that such persons are accredited under the Construction Skills Certification Scheme or an equivalent scheme; and

12.9.2 in the same terms as that set out in this Clause 12.9 (including for the avoidance of doubt this Clause 12.9.2) subject only to modification to refer to the correct designation of the equivalent party as Sub-hubco and sub-contractor as the case may be.

13 RIGHT OF ACCESS OF AUTHORITY'S REPRESENTATIVE

Access to the Site

- 13.1 Sub-hubco shall procure that:

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

(a) view the Works at the Site on reasonable prior notice appropriate to the circumstances, provided that the notice procedures in this Clause 13.1.1(a) shall not apply to the right of access for the Authority's Representative and his staff and visitors to the office and other facilities provided at the Site for his use; and

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

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

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

Increased monitoring

- 13.2 If, following any viewing, visit or inspection made pursuant to Clause 13.1.1, it is discovered that there are defects in the Works or that Sub-hubco has failed to comply with the Authority's Construction Requirements or Sub-hubco's Proposals, the Authority's Representative may (without prejudice to any other right or remedy available to the Authority) by notice to Sub-hubco increase the level of monitoring of Sub-hubco until such time as Sub-hubco shall have demonstrated to the satisfaction of the Authority that it is capable of performing and will perform all its obligations to the Authority under this Agreement. Sub-hubco shall compensate the Authority for any reasonable additional costs incurred as a result of such increased monitoring.

Right to Open Up

- 13.3 Subject to Clause 13.4, the Authority's Representative shall have the right at any time prior to a Phase Actual Completion Date to request Sub-hubco to open up and inspect any part or parts of the Works relating to the relevant Phase where the Authority's Representative reasonably believes that such part or parts of the Works relating to the relevant Phase is or are defective and Sub-hubco shall comply with such request.
- 13.4 Prior to exercising his right pursuant to Clause 13.3 above, the Authority's Representative shall notify Sub-hubco of his intention to exercise such right, setting out detailed reasons.
- 13.5 If, following the exercise by the Authority's Representative of his right pursuant to Clause 13.3, the inspection shows that the relevant part or parts of the Works are not defective then Clause 29.3.4 shall apply.
- 13.6 If, following the exercise by the Authority's Representative of his right pursuant to Clause 13.3, the inspection shows that the relevant part or parts of the Works is or are defective, Sub-hubco shall rectify and make good such Defect(s) and any consequence of such rectification and/or making good Defect(s) shall be carried out by Sub-hubco at no cost to the Authority and Sub-hubco shall not be entitled to any extension of time in relation to such rectification and making good of the Works.
- 13.7 If, following the exercise by the Authority's Representative of his right pursuant to Clause 13.3, the Authority's Representative is of the opinion that the inspection shows that the relevant part or parts of the Works is or are defective and Sub-hubco does not agree with such opinion, the matter shall be determined in accordance with Schedule Part 20 (*Dispute Resolution Procedure*).
- 13.8 Without prejudice to the rights of the Authority's Representative pursuant to this Clause 13 (*Right of Access of Authority's Representative*) the parties acknowledge that the exercise of such rights shall not in any way affect the obligations of Sub-hubco under this Agreement save as expressly set out in this Clause 13 (*Right of Access of Authority's Representative*).

Safety during Construction

- 13.9 The provisions of Section 2 (*Safety During Construction*) of Schedule Part 6 (*Construction Matters*) shall apply to matters of safety.

14 PROGRAMME AND DATES FOR COMPLETION

Dates for Completion

- 14.1 Sub-hubco shall complete the Works relating to a Phase by the relevant Phase Completion Date. Without prejudice to Clauses 40 (*Sub-hubco Event of Default*), 42 (*Authority Voluntary Termination*), 46 (*Compensation on Termination*) and 47 (*Consequences of Termination*) the Authority shall not be entitled to claim liquidated or general damages in respect of any delay which elapses between a Phase Completion Date and the relevant Phase Actual Completion Date.

The Programme

- 14.2 Any Programme submitted in accordance with the provisions set out below shall be prepared in accordance with Good Industry Practice and shall be in sufficient detail so as to enable the Authority's Representative to monitor the progress including all commissioning activities and likely future progress of the Works.
- 14.3 The initial Programme is set out at Schedule Part 7 (*The Programme*). Any change to the Programme shall only be made in accordance with this Clause 14 (*Programme and Dates for Completion*) and Schedule Part 8 (*Review Procedure*). Sub-hubco shall promptly submit to the Authority's Representative a copy of any version of the Programme varied in accordance with this Clause 14 (*Programme and dates for Completion*) and Schedule Part 8 (*Review Procedure*).
- 14.4 If it appears to the Authority's Representative at any time that the actual progress of the Works has significantly fallen behind the Programme, then the Authority's Representative shall be entitled to require Sub-hubco to submit to the Authority's Representative a report identifying the reasons for the delay and, unless the event causing the delay is still subsisting and it is not possible to predict with any certainty when the delay might come to an end, require Sub-hubco (at the Authority's option):
- 14.4.1 to produce and submit to the Authority's Representative in accordance with Schedule Part 8 (*Review Procedure*) a revised Programme showing the manner and the periods in which the Works will be carried out to ensure completion; and/or
 - 14.4.2 to produce and submit to the Authority's Representative in accordance with Schedule Part 8 (*Review Procedure*) a revised Programme showing the steps which are to be taken to eliminate or reduce the delay.

Early completion

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

14.6.2 the parties to consider what modifications (if any) will be required to the Agreement in order to accommodate such earlier date for completion if agreed to by the Authority pursuant to Clause 14.5.

14.7 The Authority shall from the Phase 1 Actual Completion Date until the Phase 3 Completion Date use reasonable endeavours to prevent access to Phase 3 Site by pupils or other pedestrians.

15 INDEPENDENT TESTER

Appointment

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

Changes to terms of appointment

15.2 Neither the Authority nor Sub-hubco shall without the other's prior written approval (not to be unreasonably withheld or delayed):

15.2.1 terminate, repudiate or discharge the Independent Tester Contract or treat the same as having been terminated, repudiated or otherwise discharged;

15.2.2 waive, settle, compromise or otherwise prejudice any rights or claims which the other may from time to time have against the Independent Tester; or

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

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

Co-operation

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

Replacement

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

15.6 If the parties fail to agree the identity and/or terms of a replacement Independent Tester in accordance with Clause 15.5 within ten (10) Business Days of the original Independent Tester's appointment being terminated then such

disagreement shall be referred for resolution in accordance with Schedule Part 20 (*Dispute Resolution Procedure*).

16 **EQUIPMENT**

The parties shall comply with the terms of Schedule Part 11 (*Equipment*).

17 **PRE-COMPLETION COMMISSIONING AND COMPLETION**

17.1 Not less than seven (7) months before a Phase Completion Date, the Authority shall provide Sub-hubco with a draft of the Final Commissioning Programme for the relevant Phase as jointly developed by the Authority and Sub-hubco in accordance with the provisions of Clause 17.2 and Clause 17.3. Sub-hubco shall provide the Authority with comments on the draft Final Commissioning Programme for the relevant Phase submitted to it within four (4) months. The parties shall, within twenty (20) Business Days of receipt by the Authority of Sub-hubco's comments agree the terms of the Final Commissioning Programme for the relevant Phase provided that the Authority may by prior notice to Sub-hubco change the scope and time of the Authority's Commissioning and reimburse Sub-hubco its reasonable costs incurred as a result of such change in scope or time. If the parties are unable to agree the Final Commissioning Programme for the relevant Phase or the change in scope or time of the Authority's Commissioning by three (3) months before the relevant Phase Completion Date, the matter shall be referred for determination in accordance with Schedule Part 20 (*Dispute Resolution Procedure*).

17.2 The Final Commissioning Programme for each Phase shall be in accordance with the Outline Commissioning Programme and shall impose no greater or more onerous obligations on the Authority than those set out in the Outline Commissioning Programme (unless otherwise agreed by the Authority in its absolute discretion). The Final Commissioning Programme shall then replace the Outline Commissioning Programme as it relates to that Phase.

17.3 The Final Commissioning Programme for each Phase shall describe the steps necessary, the party responsible for taking each of such steps and the timing and sequence of each of such steps to ensure, insofar as relevant for the Phase:

17.3.1 that Sub-hubco's Pre-Completion Commissioning and the Authority's Commissioning will not delay the Phase Actual Completion Date from occurring by the Phase Completion Date; and

17.3.2 that Sub-hubco's Post Completion Commissioning and the Authority's Post Completion Commissioning are completed by the Commissioning End Date.

17.4 The parties shall procure that the steps that they are responsible for carrying out and completing pursuant to the Final Commissioning Programme for the relevant Phase include, in the case of Sub-hubco's activities, the activities described in the Authority's Construction Requirements.

17.5 Sub-hubco shall notify the Independent Tester and the Authority's Representative of the date when Sub-hubco (acting reasonably) considers that a Phase of the Works will be complete in accordance with the Authority's Construction Requirements, the Completion Criteria and this Agreement not less than three (3) months prior to such anticipated completion. Such notification shall trigger the activities of the Independent Tester under this Clause.

17.6 The parties each undertake to co-operate with the Independent Tester to ensure that the Independent Tester is familiar with all necessary aspects of the Project for the purposes of its role as described in this Clause.

Commissioning prior to a Phase Completion Date

- 17.7 Sub-hubco shall, insofar as relevant for each Phase:
- 17.7.1 undertake Sub-hubco's Pre-Completion Commissioning in accordance with the relevant Final Commissioning Programme; and
 - 17.7.2 permit the Authority to undertake the Authority's Commissioning,
- and the Authority shall undertake the Authority's Commissioning in accordance with the relevant Final Commissioning Programme and so as not to cause material damage to the Works relating to such Phase.
- 17.8 Sub-hubco shall give written notice to the Independent Tester and the Authority of the commencement of Sub-hubco's Pre-Completion Commissioning in relation to a Phase and shall ensure that the Independent Tester and the Authority's Representative are invited to witness all of, and are provided with all information they may reasonably require in relation to, Sub-hubco's Pre-Completion Commissioning of the relevant Phase and that the Independent Tester is invited to comment on Sub-hubco's Pre-Completion Commissioning of the relevant Phase.
- 17.9 Sub-hubco shall (or shall procure that the Contractor shall), give the Authority access to the relevant parts of the Facilities at such times as may be set out in the relevant Final Commissioning Programme to enable the Authority to undertake the Authority's Commissioning in accordance with the Final Commissioning Programme for the relevant Phase for the period prior to completion of the relevant Phase. When exercising such rights the Authority shall comply with all relevant safety procedures, which shall include any relevant construction phase plans and health and safety plans for the construction of the Facilities, the Contractor's Site Rules from time to time and any reasonable directions with regard to site safety that may be issued by or on behalf of the Contractor's Site Manager from time to time.

Pre-Completion inspection

- 17.10 Sub-hubco shall give the Independent Tester and the Authority's Representative not less than twenty (20) Business Days' notice and not more than thirty (30) Business Days' notice of the date upon which Sub-hubco considers that the Works relating to a Phase will be complete and the tests on completion required for the relevant Phase to be performed in accordance with the Final Commissioning Programme for the relevant Phase will be carried out. Following receipt of the notice specified in this Clause 17.10 (*Pre-Completion Inspection*) the Authority's Representative and the Independent Tester shall be entitled to inspect the Works relating to the relevant Phase on the date or dates reasonably specified by Sub-hubco in accordance with this Clause 17.10 (*Pre-Completion Inspection*), and to attend any of the tests on completion. Sub-hubco shall, if so requested, accompany the Authority's Representative and the Independent Tester on any such inspection.

Pre-Completion matters

- 17.11 The parties shall procure that the Independent Tester, within three (3) Business Days of any inspection made pursuant to Clause 17.10 (*Pre-Completion Inspection*); notifies Sub-hubco and the Authority of any outstanding matters (including, without limitation, the repetition of any of the tests on completion which are required to be carried out and passed in accordance with the Final Commissioning Programme for the relevant Phase) which are required to be attended to before the Works relating to the relevant Phase can be considered to be complete in accordance with the Authority's Construction Requirements, Sub-hubco's Proposals and the Completion Criteria. Sub-hubco shall attend to such

matters and shall, if necessary, give the Independent Tester further notices in accordance with Clause 17.10 (*Pre-Completion Inspection*) (but dealing only with matters raised in the notification under this Clause 17.11 (*Pre-Completion Matters*)) so that the procedures in Clause 17.10 (*Pre-Completion Inspection*) and this Clause 17.11 (*Pre-Completion Matters*) are repeated as often as may be necessary to ensure that all outstanding matters in relation to the Works relating to the relevant Phase are attended to.

Phase Completion Certificate

- 17.12 Pursuant to the terms of the Independent Tester Contract, the parties shall procure that the Independent Tester, when he is satisfied that a Phase is complete in accordance with the Completion Criteria, issues a Certificate of Practical Completion in respect of that Phase to that effect to the Authority and to Sub-hubco.
- 17.12A The provisions of this Clause 17.12A shall only apply in the event that the Independent Tester is not satisfied that the Completion Criteria have been satisfied in relation to Phase 3 under Clause 17.12. Where this Clause 17.12A applies, if the Independent Tester has not confirmed satisfaction of the Completion Criteria related to Phase 3 on or before the Phase 3 Completion Date, Sub-hubco shall pay to the Authority £600 for each day from, but excluding the Phase 3 Completion Date until the Phase 3 Actual Completion Date. For the avoidance of doubt: (one) any failure to satisfy the Completion Criteria related to Phase 3 shall not prevent the issue of the Certificate of Practical Completion under Clause 17.12 in respect of any other Phase; and (two) any sums payable by Sub-hubco to the Authority under this Clause 17.12A shall not be taken into account when determining whether any Warning Notice may be issued to Sub-hubco under Clause 24.3.
- 17.13 Without prejudice to Clauses 17.14 and 17.17, the issue of the Certificate of Practical Completion in respect of a Phase shall, in the absence of manifest error, bad faith or fraud, be conclusive evidence (but only for the purpose of ascertaining the relevant Payment Commencement Date), that the Phase was complete in accordance with the Completion Criteria on the date stated in the relevant Certificate of Practical Completion.
- 17.14 The Independent Tester shall issue the Certificate of Practical Completion in relation to a Phase notwithstanding that there are Snagging Matters. Where there are Snagging Matters, the parties shall procure that the Independent Tester shall, within five (5) Business Days of the date of issue of the relevant Certificate of Practical Completion, issue a Snagging Notice which shall specify the Snagging Matters and an estimate of the cost of rectifying such Snagging Matters.
- 17.15 Following the issue of a Snagging Notice, Sub-hubco shall, in consultation with the Authority's Representative and in such manner as to cause as little disruption as reasonably practicable to the Authority's Post Completion Commissioning and the Authority's use of the Facilities, rectify all Snagging Matters within twenty (20) Business Days of the issue of the Snagging Notice.
- 17.16 If, within twenty (20) Business Days of the issue of the Snagging Notice, Sub-hubco has failed to rectify the Snagging Matters specified in the Snagging Notice the Authority may by itself (or engage others to) carry out the works necessary to rectify the Snagging Matters, at the risk and cost of Sub-hubco.
- 17.17 The issue of the Certificate of Practical Completion in respect of a Phase shall in no way affect the obligations of Sub-hubco under this Agreement including in respect of any Defects.

As-built specification

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

18 POST COMPLETION COMMISSIONING

Commissioning

- 18.1 Sub-hubco and the Authority shall, within thirteen (13) months following the Phase Actual Completion Date, respectively undertake and complete Sub-hubco's Post-Completion Commissioning and the Authority's Post Completion Commissioning in accordance with the Final Commissioning Programme for the relevant Phase. Both parties shall, at all times, and in particular in the period between the Phase Actual Completion Date and the Actual Commissioning End Date for the relevant Phase, use reasonable endeavours to assist the other party to ensure compliance with the Final Commissioning Programme for the relevant Phase.

Information

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

Operational Manuals

- 18.5 Sub-hubco shall provide to the Authority (by means of upload to the Authority's Property Management System Portal or, if this is not possible, sent by email to the Authority's Representative):
- 18.5.1 at least six (6) weeks prior to the anticipated Phase Actual Completion Date, one (1) electronic copy of a draft operation and maintenance manual in connection with the relevant Phase in sufficient detail to allow the Authority to plan for the safe and efficient operation of the Facilities;
 - 18.5.2 on or before the Phase Actual Completion Date, two (2) paper copies and one (1) electronic copy of a final draft operation and maintenance manual in connection with the relevant Phase in sufficient detail to allow the Authority to operate and use the Facilities safely and efficiently;
 - 18.5.3 within four (4) weeks following the Phase Actual Completion Date, the principal operation and maintenance manual in connection with the relevant Phase;

in each case including all manufacturers' instructions relating to Equipment installed by Sub-hubco.

- 18.6 Sub-hubco shall provide to the Authority such information after the Phase Actual Completion Date as relates to any Snagging Matters or rectification of Defect in relation to the relevant Phase as is reasonably necessary to allow for the updating of any of the items listed in Clause 18.5.
- 18.7 On termination of this Agreement (howsoever arising) prior to the provision by Sub-hubco in accordance with Clause 18.5 of the items listed therein, Sub-hubco shall within ten (10) Business Days of such termination provide a copy of any operating and maintenance manual not yet provided (completed as appropriate to the date of termination) to the Authority.

Decanting, Decommissioning and Equipment Transfer

- 18.8 The Authority and Sub-hubco shall, as appropriate, undertake any necessary Decanting and Decommissioning in accordance with the requirements of the Final Commissioning Programme for the relevant Phase and Appendix B of Schedule Part 10 (*Outline Commissioning Programme*), and any Equipment transfer in accordance with Schedule Part 11 (*Equipment*), such that Sub-hubco is able to perform its obligations in subsequent Phases.

19 FOSSILS AND ANTIQUITIES

Property

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

Discovery

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

Action

- 19.3 The Authority shall procure that the Authority's Representative promptly, and in any event within ten (10) Business Days of receipt of notice pursuant to Clause 19.2.1, issues an instruction to Sub-hubco specifying what action the Authority's Representative requires Sub-hubco to take in relation to such discovery.
- 19.4 Sub-hubco shall promptly and diligently comply with any instruction issued by the Authority's Representative referred to in Clause 19.3 above (except and to the extent that such instruction constitutes an Authority Change pursuant to Clause 19.6 below in which case the provisions of Schedule Part 16 (*Change Protocol*) shall apply), at its own cost.
- 19.5 If directed by the Authority's Representative, Sub-hubco shall allow representatives of the Authority to enter the Site for the purposes of removal or disposal of such discovery provided that such entry shall be subject to the Authority complying with all relevant safety procedures, which shall include any relevant construction phase plans and health and safety plans for the construction

of the Facilities, the Contractor's Site Rules from time to time and any reasonable directions with regard to site safety that may be issued by or on behalf of the Contractor's Site Manager from time to time.

- 19.6 If, in relation to such discovery, the Authority requires Sub-hubco to carry out works (being any work of alteration, addition, demolition or extension or variation in the Works) which are not works which would be necessary for the purpose of compliance with Law or any Consents, it must issue an Authority Change Notice in accordance with the provisions of Schedule Part 16 (*Change Protocol*).

PART 4: QUALITY ASSURANCE

20 QUALITY ASSURANCE

Quality Plans and Systems

- 20.1 Sub-hubco shall procure that all aspects of the Project Operations are the subject of quality management systems in accordance with the provisions of this Clause 20 (*Quality Assurance*).
- 20.2 The quality management systems referred to in Clause 20.1 above shall be reflected in appropriate quality plans, the standard of which shall be consistent with BS EN ISO 9001 or 9002 (as the case may be) or any equivalent standard which is generally recognised as having replaced them (or either of them).
- 20.3 Without limitation to the generality of Clause 20.2, there shall be:
- 20.3.1 a Design Quality Plan;
 - 20.3.2 a Construction Quality Plan; and
 - 20.3.3 a Services Quality Plan for each Service,
- provided that the Design Quality Plan and the Construction Quality Plan may be incorporated into one document.
- 20.4 Sub-hubco shall procure that the Project Operations are carried out in compliance with the Quality Plans. All Quality Plans shall be submitted to the Authority's Representative in accordance with Schedule Part 8 (*Review Procedure*) and Sub-hubco shall not be entitled to implement or procure the implementation of any Quality Plan unless Sub-hubco is entitled to proceed with such implementation pursuant to Schedule Part 8 (*Review Procedure*).
- 20.5 Sub-hubco shall implement the quality management systems referred to in Clause 20.1 and shall procure that:
- 20.5.1 the Contractor implements the Design Quality Plan;
 - 20.5.2 the Contractor implements the Construction Quality Plan;
 - 20.5.3 each Service Provider implements the relevant Services Quality Plan for each Service being provided by that Service Provider.
- 20.6 Where any aspect of the Project Operations is performed by more than one contractor or subcontractor, then the provisions of this Clause 20 (*Quality Assurance*) (in so far as relevant or appropriate to the activities to be performed by such contractor or subcontractor) shall apply in respect of each of such contractors or subcontractors, and references in this Clause 20 (*Quality Assurance*) to the "Contractor" or the "Service Provider" shall be construed accordingly. To avoid doubt, this Clause shall not be construed as requiring subcontractors of the Contractor or the Service Provider to have their own quality plans but only to comply with the Design Quality Plan and the Construction Quality Plan or the relevant aspects of the Services Quality Plan (as the case may be).
- 20.7 Sub-hubco shall from time to time submit to the Authority's Representative in accordance with Schedule Part 8 (*Review Procedure*) any changes to any of the Quality Plans required for such Quality Plan to continue to comply with the requirements set out in Clause 20.2. The Authority's Representative may raise

comments on any such proposed change only on the grounds set out in paragraph 3 of Schedule Part 8 (*Review Procedure*).

- 20.8 If there is no objection under Schedule Part 8 (*Review Procedure*) to a change to any Quality Plan proposed pursuant to Clause 20.7, the Quality Plan shall be amended to incorporate such change.

Quality Manuals and Procedures

- 20.9 If any Quality Plan refers to, relies on or incorporates any quality manual or procedure, then such quality manual or procedure or the relevant parts of it shall be submitted to the Authority's Representative at the time that the relevant Quality Plan or part of (or change to) a Quality Plan is submitted in accordance with Schedule Part 8 (*Review Procedure*), and the contents of such quality manual or procedure shall be taken into account in the consideration of the relevant Quality Plan or part of (or change to) a Quality Plan in accordance with Schedule Part 8 (*Review Procedure*).

Quality Management

- 20.10 Sub-hubco shall maintain a quality management system which shall:
- 20.10.1 ensure the effective operation of the quality systems described in this Clause 20 (*Quality Assurance*);
 - 20.10.2 cause an audit of the quality systems at regular intervals and the findings of such audit will be reported to the Authority's Representative;
 - 20.10.3 require review of all quality systems at intervals agreed with the Authority's Representative to ensure their continued suitability and effectiveness;
 - 20.10.4 require liaison with the Authority's Representative on all matters relating to quality management; and
 - 20.10.5 require production of reports and their delivery to Sub-hubco.

Quality Monitoring

- 20.11 The Authority's Representative may carry out audits of Sub-hubco's quality management system (including all relevant Quality Plans and any quality manuals and procedures) to establish that Sub-hubco is complying with Clauses 20.1 and 20.3. The Authority's Representative may carry out such audits at approximate intervals of three (3) months and may carry out other periodic monitoring, spot checks and auditing of Sub-hubco's quality management systems. Sub-hubco shall procure that the Authority's Representative shall have an equivalent right in respect of the Contractor's and the Service Provider's quality management systems. Sub-hubco shall co-operate, and shall procure that any Sub-Contractor co-operates, with the Authority's Representative including providing him with all information and documentation which he reasonably requires in connection with his rights under this Clause.

PART 5: PHASE 2 LONGSTOP

21 PHASE 2 WORKS LONGSTOP DATE

Where Sub-hubco has failed to achieve the Phase 2 Actual Completion Date by the Phase 2 Works Longstop Date, the Authority shall be entitled to carry out and complete the remaining Phase 2 Works at Sub-hubco's cost, such costs to be deducted by the Authority from the Monthly Service Payment until paid in full by Sub-hubco.

PART 6: SERVICES

22 THE SERVICES

General obligations

- 22.1 Throughout the Operational Term Sub-hubco shall provide (or procure that the Service Provider provides) the Services in accordance with:
- 22.1.1 the Service Level Specification;
 - 22.1.2 the Method Statements; and
 - 22.1.3 the terms of this Agreement.
- 22.2 To avoid doubt the obligations in Clauses 22.1.1, 22.1.2 and 22.1.3 are independent obligations and:
- 22.2.1 the fact that Sub-hubco has complied with the Method Statements shall not be a defence to an allegation that Sub-hubco has not satisfied the Service Level Specification; and
 - 22.2.2 the fact that Sub-hubco has complied with the Service Level Specification shall not be a defence to an allegation that Sub-hubco has not satisfied the Method Statements;

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

Commencement and phase in of Services

- 22.3 Sub-hubco shall procure that the provision of the Services in respect of a Phase commences on the relevant Phase Actual Completion Date.

Sub-hubco Services Changes

- 22.4 Sub-hubco may at any time submit to the Authority's Representative in accordance with Schedule Part 8 (*Review Procedure*) proposals for amendments to or substitution for the Method Statements or any part of them. If there is no comment on such proposed amendment or substitution (on the grounds set out in paragraph 3 of Schedule Part 8 (*Review Procedure*)), then the Method Statements as so amended or substituted shall be the Method Statements for the purposes of this Agreement, subject to any further amendment or substitution to which there has been no comment in accordance with Schedule Part 8 (*Review Procedure*).
- 22.5 To avoid doubt, an amendment to or substitution for the Method Statements proposed pursuant to Clause 22.4 shall not be a Qualifying Change entitling Sub-hubco to any payment (or other compensation) or to any relief from the performance of its obligations under this Agreement.

No disruption

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

MAINTENANCE**Programmed Maintenance Works**

- 23.1 No later than three (3) months prior to the Phase 1 Completion Date Sub-hubco shall submit to the Authority's Representative in accordance with Schedule Part 8 (*Review Procedure*) a Schedule of Programmed Maintenance for the period from the Phase 1 Completion Date to the expiry of that Contract Year.
- 23.2 Not later than three (3) months prior to the commencement of each subsequent Contract Year Sub-hubco shall submit to the Authority's Representative in accordance with Schedule Part 8 (*Review Procedure*) a Schedule of Programmed Maintenance for the next succeeding Contract Year in respect of all Phases completed prior to, and all Phases scheduled to be completed in, that Contract Year.
- 23.3 Each Schedule of Programmed Maintenance shall contain the following information (the "**Programmed Maintenance Information**"):
 - 23.3.1 details of the proposed start and end dates for each period of Programmed Maintenance, the works to be carried out and the proposed hours of work; and
 - 23.3.2 details of any effect of the Programmed Maintenance on the delivery of any of the Services and/or the activities of the Authority or any Community Service Provider at the Facilities.
- 23.4 Not later than thirty (30) Business Days prior to the commencement of any quarter (being a three month period commencing on 1 April, 1 July, 1 October or 1 January), Sub-hubco may submit to the Authority's Representative for approval in accordance with Schedule Part 8 (*Review Procedure*) a revision to the Schedule of Programmed Maintenance for the Contract Year in which the relevant quarter falls showing the effect of the proposed changes to the Programmed Maintenance Information. If the Authority's Representative does not raise comments on such proposed revision in accordance with Schedule Part 8 (*Review Procedure*), the Schedule of Programmed Maintenance as revised shall become the Schedule of Programmed Maintenance in respect of that quarter.
- 23.5 Where the Authority's Representative raises comments in respect of any Programmed Maintenance periods and/or hours of work shown in a Schedule of Programmed Maintenance in accordance with paragraph 3 of Schedule Part 8 (*Review Procedure*), he shall indicate whether, and if so when, the Programmed Maintenance can be re-scheduled and Sub-hubco shall amend the relevant Schedule of Programmed Maintenance accordingly.

Programmed and Unprogrammed Maintenance

- 23.6 Sub-hubco shall not carry out any Programmed Maintenance or Unprogrammed Maintenance Works save:
 - 23.6.1 in accordance with a Schedule of Programmed Maintenance to which no objection has been made under Schedule Part 8 (*Review Procedure*) or, where comment has been raised in respect of the Programmed Maintenance periods and/or time, the Schedule of Programmed Maintenance has been amended pursuant to the Service Level Specification;
 - 23.6.2 in accordance with the procedures set out in Clause 23.8; or

23.6.3 in an emergency, in accordance with Clause 23.9.

- 23.7 Notwithstanding that there has been no objection to a Schedule of Programmed Maintenance, the Authority's Representative may, at any time, require Sub-hubco to accelerate or defer any Programmed Maintenance by giving written notice to Sub-hubco, (unless otherwise agreed) not less than twenty (20) Business Days prior to the scheduled date for carrying out such Programmed Maintenance, which notice shall set out the time and/or periods at or during which the Authority requires the Programmed Maintenance to be performed. Sub-hubco shall notify the Authority of the amount of any additional reasonable costs which it will incur as a direct consequence of such acceleration or deferment (the "**Estimated Increased Maintenance Costs**") within five (5) Business Days of the receipt of the written notice advising of the requirement for an acceleration or deferment of the Programmed Maintenance. The Authority shall, within a further period of five (5) Business Days following receipt by the Authority of notification of the amount of the Estimated Increased Maintenance Costs, at the Authority's option, either confirm or withdraw its request to accelerate or defer the Schedule of Programmed Maintenance. If the Authority does not respond within this five (5) Business Day period, the request shall be deemed to have been confirmed. The Authority shall reimburse Sub-hubco the direct and reasonable costs actually incurred by Sub-hubco as a consequence of such acceleration or deferment up to, but not exceeding, the amount of the Estimated Increased Maintenance Costs.
- 23.8 If, in circumstances other than an emergency, the need arises for Maintenance Works (excluding any works of a *de minimis* nature in respect of which the parties have agreed this Clause 23.8 shall not apply and excluding works carried out for the purpose of Rectification, which shall take place in accordance with the provisions of Schedule Part 14 (*Payment Mechanism*)), which are not scheduled to be carried out as part of the Programmed Maintenance ("**Unprogrammed Maintenance Work**"), Sub-hubco shall not carry out any Unprogrammed Maintenance Work unless and until the Authority's Representative has approved the proposed commencement date, the proposed hours of work and estimated duration of the requisite Unprogrammed Maintenance Works in accordance with the provisions of paragraph 3.9 of Schedule Part 8 (*Review Procedure*). Nothing in this Clause 23.8 (including any approval of the Authority pursuant to Schedule Part 8 (*Review Procedure*)) shall prevent the Authority from making any deductions in calculating the Monthly Service Payments pursuant to the Payment Mechanism.
- 23.9 If, as a result of an emergency, the need arises for Unprogrammed Maintenance Works, Sub-hubco may carry out such Unprogrammed Maintenance Works provided that Sub-hubco shall notify the Authority's Representative as soon as possible (and in any event within two (2) Business Days of the occurrence of the emergency) of the extent of the necessary Unprogrammed Maintenance Works and the reasons for them. Sub-hubco shall take all reasonable steps to minimise the duration of such Unprogrammed Maintenance Works. Nothing in this Clause 23.9 shall prevent the Authority from making any deductions in calculating the Monthly Service Payments pursuant to the Payment Mechanism.
- 23.10 Where Programmed Maintenance scheduled to be carried out in accordance with the Schedule of Programmed Maintenance has been deferred by the Authority's Representative under Clause 23.7, Sub-hubco shall not be treated as having failed to perform the relevant Service on account of the condition of the Facilities or any part of them from the time the Programmed Maintenance was scheduled to have been completed until the time the deferred Programmed Maintenance was scheduled to have been completed, but not afterwards, provided always, to avoid doubt, that Sub-hubco shall not be relieved from the consequences of any failure to maintain the Facilities in respect of any period prior to the period for performing the particular work according to the Schedule of Programmed Maintenance.

5 Year Maintenance Plan

- 23.11 Sub-hubco shall deliver to the Authority's Representative not less than three (3) months prior to the Phase 1 Completion Date, and thereafter not less than three (3) months prior to the commencement of each Contract Year the latest version of the 5 Year Maintenance Plan.
- 23.12 The Authority shall have a right to inspect the Facilities and the Maintenance Works to ensure that the Facilities are being maintained in accordance with the Service Level Specification and that the Facilities comply with the Authority's Construction Requirements and Sub-hubco's Proposals throughout the Project Term. The Authority may appoint an independent third party for the purposes of carrying out any such inspection and shall make known the findings to Sub-hubco and the Funders. The parties shall then meet to discuss any implications of such findings and any steps that are necessary to remedy any failure to comply with such obligations. Sub-hubco shall (subject to Clause 33 (*Change Protocol*)) take into account such discussions in the next Schedule of Programmed Maintenance so that any failure to comply with such obligations shall be remedied.

Authority's Maintenance Obligations

- 23.13 The Authority's Maintenance Obligations are as follows:
- 23.13.1 not less frequently than once in every five (5) years from the Phase 1 Actual Completion Date, in a good and workmanlike manner to make good plaster and other interior wall and ceiling finishes and decoration in all such parts of the interior of the Functional Areas as were plastered, finished and/or decorated by Sub-hubco as part of the Works or in implementing an Authority Change;
- 23.13.2 to renew and replace all the following floor coverings not less frequently than once in the following periods calculated from the Phase 1 Actual Completion Date:
- 23.13.2.1 carpets every fifteen (15) years; and
- 23.13.2.2 other non-permanent floor coverings every twenty (20) years,
- in the Functional Areas provided by Sub-hubco as part of the Works or in implementing an Authority Change;
- 23.13.3 not less frequently than once in every seven (7) years from the Phase 1 Actual Completion Date, to resurface/restore the finish of all semi-permanent floor finishes that are subject to wear such as wood floors in the Functional Areas provided by Sub-hubco as part of the Works or in implementing an Authority Change;
- 23.13.4 as often as is necessary, to maintain anything provided by the Authority under a Derogated Low Value Change; and
- 23.13.5 to ensure that all portable electrical appliances that are connected to the electricity supply in the Facilities by the Authority and Authority Parties have been tested in accordance with Law and the "Code of Practice for In-service Inspection and Testing of Electrical Equipment" published from time to time by the Institution of Electrical Engineers.
- 23.14 Subject to Clause 23.21, the Authority must carry out and perform the Authority's Maintenance Obligations or procure that the Authority's Maintenance Obligations are carried out and performed as often as required by Clause 23.13 and in accordance with Good Industry Practice. Without prejudice to the Authority's

rights under Clause 23.7, the Authority's Maintenance Obligations must be scheduled by the Authority so as not to interfere with Sub-hubco carrying out Programmed Maintenance in accordance with the Schedule of Programmed Maintenance and/or interfere with Sub-hubco carrying out Unprogrammed Maintenance Work in accordance with Clause 23.8.

23.15 If the Authority is in breach of Clause 23.14, Sub-hubco may, while the breach is continuing, give a notice to the Authority requiring it to carry out the relevant Authority Maintenance Obligations. If the Authority:

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

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

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

23.16 Sub-hubco shall not carry out any Sub-hubco's Remedial Services unless and until the Authority's Representative, pursuant to this Clause 23.16, has approved or is deemed to have approved or has specified the proposed commencement date, the proposed hours of work and the estimated duration of Sub-hubco's Remedial Services (together the "**SRS Timetable**"). Sub-hubco must give the Authority not less than twenty (20) Business Days notice of its proposed SRS Timetable. If the Authority's Representative considers that the proposed SRS Timetable is not consistent with the principles set out in Appendix 2 to Schedule Part 8 (*Review Procedure*), he may specify an alternative SRS Timetable that is consistent with those principles, which shall be as near to the SRS Timetable proposed by Sub-hubco as reasonably practicable. If the Authority's Representative fails either to approve Sub-hubco's proposed SRS Timetable or to specify an alternative SRS Timetable within ten (10) Business Days of receipt of Sub-hubco's proposed SRS Timetable, he shall be deemed to have approved it.

23.17 The Authority must allow Sub-hubco and relevant Sub-hubco Parties access to the Site and the Facilities:

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

23.17.2 in accordance with the approved SRS Timetable for the purpose of carrying out any of Sub-hubco's Remedial Services.

23.18 If the Authority does not allow access to the Site and/or the Facilities as required pursuant to Clause 23.17.2, or otherwise prevents or interferes with Sub-hubco and any relevant Sub-hubco Party performing the SRS Remedial Works, Sub-hubco may propose a new SRS Timetable in respect of the relevant Sub-hubco's Remedial Services and Clause 23.16 shall apply.

23.19 In carrying out and performing Sub-hubco's Remedial Services, Sub-hubco must comply with the standards applicable to the relevant Authority's Maintenance Obligations and Good Industry Practice and must use reasonable endeavours to match colours and other finishes to those that currently exist in the relevant part or parts of the Facilities.

- 23.20 The Authority must reimburse Sub-hubco all reasonable costs that it incurs in carrying out and performing Sub-hubco's Remedial Services in accordance with this Clause 23.
- 23.21 Notwithstanding the terms of Clauses 23.14 to 23.19 above, Sub-hubco is responsible for:
- 23.21.1 making good any defects in plaster and other interior wall and ceiling finishes and decoration and floor coverings referred to in Clauses 23.13.2 and 23.13.3 provided by Sub-hubco as part of the Works or in implementing an Authority Change, caused by defective design or workmanship in the carrying out of the Works or in implementing the Authority Change; and
- 23.21.2 making good any defects in plaster and other interior wall and ceiling finishes and decoration and floor coverings referred to in Clauses 23.13.2 and 23.13.3 provided by Sub-hubco as part of the Works or in implementing an Authority Change (whether or not these have subsequently been replaced or renewed by the Authority and things referred to in Clause 23.13.4) consequential on any Programmed Maintenance or Unprogrammed Maintenance or any act or omission of Sub-hubco.
- 23.22 The Authority and Sub-hubco shall co-operate with each other to coordinate any activities that the Authority proposes to undertake to implement any of the Authority's Maintenance Obligations and Sub-hubco's Programmed Maintenance and Sub-hubco must include the Authority's intentions with regard to performing the Authority's Maintenance Obligations in the Schedule of Programmed Maintenance for each Contract Year.

Energy for Repairs

- 23.23 Subject to Clause 23.24, the Authority is entitled to be reimbursed by Sub-hubco for costs incurred by the Authority for Utilities supplied to the Facilities during the Operational Term that are consumed in the process of Sub-hubco or any Sub-hubco Party carrying out operations to rectify an Availability Failure.
- 23.24 For the purpose of applying Clause 23.23 the cost of each Utility shall be considered separately and Clause 23.23 shall not apply if the costs concerned, in respect of the particular Availability Failure, do not exceed the daily average cost based on bills paid by the Authority to the supplier of the relevant Utility to the Facilities over the most recent 12-month period for which figures are available.
- 23.25 Where the Authority claims reimbursement of Utilities costs pursuant to Clause 23.23 it must reasonably estimate those costs using all available evidence and send Sub-hubco a statement showing its calculation of the amount claimed along with its supporting evidence. Unless Sub-hubco disputes the statement within ten (10) Business Days of receipt, the Authority will be entitled, to set-off pursuant to Clause 34.6, the amount claimed.

24 MONITORING OF PERFORMANCE

Monitoring

- 24.1 In carrying out the Services, Sub-hubco shall, and shall procure that all Sub-hubco Parties and any other persons for whom it is responsible shall, comply with the provisions of Schedule Part 12 (*Service Requirements*).
- 24.2 Sub-hubco shall be responsible for monitoring its performance of this Agreement during the Operational Term, in the manner and at the frequencies set out in

Schedule Part 12 (*Service Requirements*). Sub-hubco shall provide the Authority's Representative with relevant particulars of any aspects of its performance which fail to meet the requirements of this Agreement (unless otherwise notified in writing by the Authority). The Authority may at all reasonable times observe, inspect and satisfy itself as to the adequacy of the monitoring procedures (including without limitation carrying out sample checks).

Grounds for Warning Notices

24.3 If at any time during the Operational Term (other than by reason of a Force Majeure Event, a Relief Event or an Emergency):

24.3.1 the total Deductions for any Contract Month amount to more than:

24.3.1.1 0.915 per cent of the Annual Service Payment for the current Contract Year in the period commencing on the Phase 1 Actual Completion Date and ending 6 months thereafter; and

24.3.1.2 0.61 per cent of the Annual Service Payment for the current Contract Year in the period thereafter; or

24.3.2 the total Deductions in each of any three Contract Months in any six consecutive Contract Months amount to more than the "applicable percentage" of the Annual Service Payment for the current Contract Year for such Contract Month, where the "applicable percentage" for purposes of this Clause 24.3.2:

24.3.2.1 for Deductions in any Contract Month within the first six Contract Months, is 0.84 per cent; and

24.3.2.2 for Deductions in any other Contract Month, is 0.57 per cent

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

(a) to serve more than one Warning Notice in any month;

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

Warning Notices Disputes

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

Authority's remedial rights

24.5 The provisions of Clauses 24.6 to 24.9 (inclusive) shall apply if the Authority, acting reasonably, considers that it needs to take action in connection with the Services:

- 24.5.1 because of an immediate and serious threat to the health or safety of any user of the Facilities; or
 - 24.5.2 to prevent or address material interruption in the provision of one or more of the Services; or
 - 24.5.3 because of a risk of the ability of the Authority or any Community Services Provider to provide the relevant Community Services being prejudiced to a material degree.
- 24.6 If any of the circumstances set out in Clause 24.5 arise (without prejudice to its rights under Clause 40 (*Sub-hubco Event of Default*) or any other express rights under this Agreement) and the Authority wishes to take action (either by itself or by engaging others), the Authority shall notify Sub-hubco in writing of the following:
- 24.6.1 the action it wishes to take;
 - 24.6.2 the reason for such action;
 - 24.6.3 the date it wishes to commence such action;
 - 24.6.4 the time period which it believes will be necessary for such action; and
 - 24.6.5 to the extent practicable, the effect on Sub-hubco and its obligation to provide the Services during the period such action is being taken.
- 24.7 Following service of such notice, the Authority shall take such action as has been notified under Clause 24.6 and any consequential additional action as it reasonably believes is necessary (together, the "**Required Action**") and Sub-hubco shall give all reasonable assistance to the Authority while it is taking the Required Action. To the extent that the Authority performs any of the obligations of Sub-hubco hereunder or undertakes tasks that would otherwise be undertaken by Sub-hubco pursuant to this Agreement, the Authority shall perform such obligations or undertake such tasks to the same standard as would be required of Sub-hubco under the terms of this Agreement.
- 24.8 If the Required Action is taken other than as a result of a breach by Sub-hubco of its obligations under this Agreement, then for so long as and to the extent that the Required Action is taken, and this prevents Sub-hubco from providing any part of the Services:
- 24.8.1 Sub-hubco shall be relieved from its obligations to provide such part of the Services; and
 - 24.8.2 in respect of this period in which the Authority is taking the Required Action and provided that Sub-hubco provides the Authority with reasonable assistance (such assistance to be at the expense of the Authority to the extent that additional costs are incurred), the Monthly Service Payments due from the Authority to Sub-hubco shall equal the amounts that Sub-hubco would receive if it were satisfying all of its obligations and providing the Services affected by the Required Action in full over that period and the Authority shall indemnify Sub-hubco against all Direct Losses sustained by Sub-hubco as a result of the Authority taking the Required Action.
- 24.9 If the Required Action is taken as a result of a breach by Sub-hubco of its obligations under this Agreement, then for so long as and to the extent that the Required Action is taken, and this prevents Sub-hubco from providing any part of the Services:

24.9.1 Sub-hubco shall be relieved of its obligations to provide such part of the Services; and

24.9.2 in respect of the period in which the Authority is taking the Required Action, the Monthly Service Payments due from the Authority to Sub-hubco shall equal the amounts Sub-hubco would receive if it were satisfying all of its obligations and providing the Services affected by the Required Action in full over that period, less an amount equal to all of the costs incurred by the Authority in taking the Required Action (including, without limitation, an appropriate sum in respect of general staff costs and overheads).

Emergencies

24.10 If an Emergency arises during the Operational Term which cannot be dealt with by performance of the Services, the Authority may instruct Sub-hubco to procure that such additional or alternative services are undertaken by Sub-hubco as and when required by the Authority to ensure that the Emergency is dealt with and normal operation of the Facility resumes as soon as is reasonably practicable.

24.11 The cost of any additional or alternative services provided by Sub-hubco under Clause 24.10 shall be borne by the Authority and paid in accordance with Clause 34 (*Payment*). The Authority will not be entitled to levy Deductions in respect of any failure to provide the Services to the extent that such failure arises by reason of Sub-hubco's compliance with Clause 24.10.

25 TUPE AND EMPLOYMENT MATTERS

No Employee Transfer

25.1 The Authority and Sub-hubco agree that there are no individuals employed by the Authority or any Community Services Provider, or their respective sub-contractors whose contracts of employment will, by virtue of the transfer to Sub-hubco of responsibility for provision of (or procuring the provision by Service Providers of) any of the Services in accordance with this Agreement and in accordance with the Transfer Regulations, have effect after the date or dates of such transfer as agreed by the parties (each a "**Relevant Service Transfer Date**") (or at any other time) as if originally made between those persons and the relevant Service Provider.

25.2 If it is subsequently agreed or determined that there are persons employed by the Authority or any Community Services Provider, or their respective sub-contractors whose contracts of employment do have effect after the Relevant Service Transfer Date as if originally made between those persons and the relevant Service Provider ("**Transferring Staff**") then:

25.2.1 the Authority shall within ten (10) Business Days of the date on which it was so agreed or determined have the opportunity to offer or procure the offer of a position as an employee of the Authority to some or all of the Transferring Staff;

25.2.2 Sub-hubco shall procure that no person to whom the Authority has offered a position in accordance with Clause 25.2.1 shall be dismissed by reason of redundancy until the period for acceptance of such offer has expired and the person in question has not accepted such offer; and

25.2.3 subject to Clauses 25.2.1 and 25.2.2, Sub-hubco or any Service Provider shall be entitled to dismiss any or all of the Transferring Staff by reason of redundancy provided that Sub-hubco shall use and shall procure that any Service Provider shall carry out in the required manner

any obligation to consult with the Transferring Staff or any of them, or their respective representatives, and shall use all reasonable endeavours to mitigate the amount of any costs payable in respect of the Transferring Staff or their dismissal.

The Authority shall indemnify Sub-hubco against any costs referred to in Clause 25.2.3 reasonably incurred by Sub-hubco (or by a relevant Service Provider and for which Sub-hubco is responsible) and shall reimburse any costs reasonably and properly incurred by Sub-hubco or the Service Provider in employing any Transferring Staff prior to the expiry of the period referred to in Clause 25.2.2.

Compliance with Legislation and Authority Policies

- 25.3 Sub-hubco shall comply and shall procure that each Service Provider and all persons employed or engaged by a Service Provider in connection with the provision of any Service shall comply at all times with the Law on health and safety at work and on anti-discrimination and equal opportunities.
- 25.4 Sub-hubco shall procure that each Service Provider takes all reasonable steps to procure that all persons including any employed or engaged by a Service Provider in connection with the provision of any Service shall, so far as applicable, comply with the Authority Policies as regards health and safety at work (including the Authority Policy regarding smoking) and with those relating to anti-discrimination and equal opportunities (including those relating to harassment). Sub-hubco also shall take and shall procure that every Service Provider shall take all such steps as the Authority may reasonably require, which shall include co-operation with action proposed or taken by the Authority, to ensure that the Authority complies with its duty under Section 3(1) Health and Safety at Work Act 1974 regarding the conduct of the undertaking of the Authority.

Sub-hubco Indemnities

- 25.5 Sub-hubco shall indemnify and keep indemnified in full the Authority and, at the Authority's request, each and every service provider who has or shall provide any service equivalent to any of the Services against:
- 25.5.1 claims in respect of all emoluments and all other contractual or statutory payments unpaid by Sub-hubco or a Service Provider to any person entitled to such payments from Sub-hubco or a Service Provider who is or has been employed or engaged by Sub-hubco or any Service Provider on or after the Relevant Service Transfer Date but prior to the date of expiry or termination of this Agreement, and all income tax and pension and national insurance contributions payable thereon; and
- 25.5.2 insofar as Clause 25.5.1 does not apply, all Direct Losses incurred by the Authority as a result of any claim against the Authority in respect of any liability to any person who is or has been employed or engaged (whether as a consequence of the Transfer Regulations or of the provisions of this Clause 25) by Sub-hubco or any Service Provider in connection with the provision of any of the Services, where such claim arises as a result of any act or omission of Sub-hubco or the Service Provider occurring after the Relevant Service Transfer Date and before the expiry or termination of this Agreement;

BUT the indemnities in Clauses 25.5.1 and 25.5.2 shall not apply to the extent that the claim arises from a wrongful act or omission of the Authority or is in respect of sums for which the Authority is liable pursuant to Clause 25.2.

- 25.6 Clause 49.3 (*Conduct of Claims*) of this Agreement shall apply where any claim is made in respect of the indemnities given by Sub-hubco under Clause 25.5 (*Sub-hubco Indemnities*).

Position on expiry or earlier termination of this Agreement

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

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

25.8.1 within the period of twelve months immediately preceding the expiry of this Agreement, or

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

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

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

- 25.10 If an offer of employment is made in accordance with Clause 25.9 the employment shall be on the same terms and conditions as applied immediately before the expiry or earlier termination of this Agreement including full continuity of employment, except that the Authority or other new service provider may at its absolute discretion not offer such terms and conditions if there has been any change to the terms and conditions of the persons concerned in breach of Clause 25.8.

26 **NOT USED**

27 **SITE SECURITY AND PERSONNEL ISSUES**

Access

- 27.1 The Authority shall have the right to refuse admittance to, or order the removal from, the Facilities of any person employed by (or acting on behalf of) Sub-hubco, any Sub-hubco Party or any sub-contractor whose presence, in the reasonable opinion of the Authority, is likely to have a material adverse effect on the provision by the Authority and/or any Community Services Provider of the relevant Community Services at the Facilities or who is not a fit and proper person to be in the Facilities.

- 27.2 Action taken under Clause 27.1 shall forthwith be confirmed in writing by the Authority to Sub-hubco and, to avoid doubt, shall not relieve Sub-hubco of any of its obligations under this Agreement.
- 27.3 If and when so directed in writing by the Authority, Sub-hubco shall within twenty (20) Business Days provide a list of the names and addresses of all persons it expects may require admission in connection with this Agreement, to any premises occupied by the Authority, specifying the capacities in which those persons are concerned with this Agreement and giving such other particulars as the Authority may reasonably require.
- 27.4 The decision of the Authority as to whether any person is to be refused admission shall be final and conclusive.

Authority Policies

- 27.5 Sub-hubco shall, and shall procure that all Sub-hubco Parties shall, comply at all times with the Authority Policies so far as applicable to the Project Operations.
- 27.6 The Authority shall notify Sub-hubco of any proposed change to the Authority Policies as soon as practicable (and, in any event, prior to such change taking effect) and consult with Sub-hubco. Subject to Clause 27.7, such change shall take effect as a Change in accordance with Schedule Part 16 (*Change Protocol*).
- 27.7 The Authority may, at its sole option, notify Sub-hubco that Sub-hubco shall not be obliged to comply with any change to any Authority Policy and that Sub-hubco should continue to comply with the relevant Authority Policy prior to any change in which case such change shall not take effect as a Change in accordance with Schedule Part 16 (*Change Protocol*).

Resources and training

- 27.8 Sub-hubco shall procure that:
- 27.8.1 there shall at all times be a sufficient number of staff (including all relevant grades of supervisory staff) engaged in the provision of the Services with the requisite level of skill and experience. To avoid doubt, this obligation shall include ensuring that there are sufficient staff to cover periods of holiday, sickness, other absence, and anticipated and actual peaks in demand for each of the Services; and
- 27.8.2 all staff receive such training and supervision as is necessary to ensure the proper performance of this Agreement and compliance with all health and safety rules, procedures and requirements.
- 27.9 Not used.

Convictions and disciplinary action

- 27.10 Sub-hubco (to the extent permitted by Law) shall procure that all potential staff or persons performing any of the Project Operations who may reasonably be expected in the course of their employment or engagement to have access to children, the elderly and/or vulnerable adults:
- 27.10.1 are questioned concerning their Convictions; and
- 27.10.2 are required to complete a Protecting Vulnerable Groups Scheme form.

- 27.11 Sub-hubco shall procure that no person who discloses any Convictions, or who is found to have any Convictions following the completion of a Protecting Vulnerable Groups Scheme form, in either case of which Sub-hubco or a Service Provider is aware or ought to be aware is employed or engaged in the provision of the Project Operations without the Authority's prior written consent (such consent not to be unreasonably withheld or delayed).
- 27.12 Sub-hubco shall procure that the Authority is kept advised at all times of any person employed or engaged by Sub-hubco or any Service Provider in the provision of any of the Project Operations who, subsequent to his/her commencement of such employment or engagement, receives a Conviction of which Sub-hubco or a Service Provider becomes aware or whose previous Convictions become known to Sub-hubco or a Service Provider.
- 27.13 The Authority's Representative (acting reasonably) may instruct Sub-hubco to procure that appropriate disciplinary action is taken against any employee of Sub-hubco or any Sub-Contractor (in accordance with the terms and conditions of employment of the employee concerned) who misconducts himself or is incompetent or negligent in his duties or whose presence or conduct on the Site or at work is otherwise considered by the Authority's Representative (acting reasonably) to be undesirable. The Authority shall co-operate with any such disciplinary proceedings and shall be advised in writing by Sub-hubco of the outcome.
- 27.14 Sub-hubco shall procure that there are set up and maintained, by it and by all Service Providers, personnel policies and procedures covering all relevant matters (including discipline, grievance, equal opportunities and health and safety). Sub-hubco shall procure that the terms and the implementation of such policies and procedures comply with Law and Good Industry Practice and that they are published in written form and that copies of them (and any revisions and amendments to them) are forthwith issued to the Authority.

Management

- 27.15 Not used.
- 27.16 Sub-hubco shall provide, and shall procure that all Service Providers provide, to the Authority upon request details of their respective management organisations.

Lists and Records

- 27.17 Sub-hubco shall procure that the Authority's Representative shall at all reasonable times have access to all material details in respect of all employees of Sub-hubco or any Service Provider engaged in the provision of the Services including numbers and categories of staff employed to perform the Services and including in respect of each such employee:
- 27.17.1 details of qualifications; and
- 27.17.2 details of training undertaken by the employee.

Health Requirements

- 27.18 Not used.
- 27.19 Not used.
- 27.20 Not used.
- 27.21 Not used.

STOCKS CONSUMABLES, MATERIALS AND EQUIPMENT**Standards**

- 28.1 All goods, equipment, consumables and materials which are to be used in the provision of the Services shall be of satisfactory quality.
- 28.2 Sub-hubco shall ensure that the goods, equipment, consumables and materials used by it or any Sub-Contractor in connection with the provision of any of the Services (each as a distinct and separate obligation) are:
- 28.2.1 maintained in a safe, serviceable and clean condition in accordance with Good Industry Practice;
- 28.2.2 of the type specified in the Service Level Specification and/or the Method Statements (where appropriate); and
- 28.2.3 in compliance with any relevant rules, regulations, codes of practice and/or British or European Standards,
- and shall, as soon as practicable after receiving a request from the Authority's Representative, supply to the Authority's Representative evidence to demonstrate its compliance with this Clause 28.2.
- 28.3 Sub-hubco shall procure that sufficient stocks of goods, consumables, equipment and materials are held in order to comply with its obligations under this Agreement.

Hazardous substances and materials

- 28.4 Sub-hubco shall not install, keep or use in or on the Facilities any materials, equipment or apparatus the installation, keeping or use of which is likely to cause (or in fact causes):
- 28.4.1 material damage to the Facilities;
- 28.4.2 dust, noise or vibration constituting a nuisance to the owners and/or occupiers of any property adjoining or near to the Facilities; or
- 28.4.3 the generation, accumulation or migration of any hazardous substance in an unlawful manner whether within or outside the Facilities,
- and shall use all reasonable endeavours to ensure (by directions to staff and otherwise) that all materials, equipment or apparatus in or on the Facilities is operated so as to minimise noise and vibration likely to cause annoyance or disturbance and the unlawful generation or migration of any hazardous substance.
- 28.5 Sub-hubco shall not bring in or on to (or keep or maintain in or on) the Facilities any hazardous materials or equipment without the prior written consent of the Authority and unless Sub-hubco has complied with all relevant Law.
- 28.6 Without prejudice to the generality of its obligations, Sub-hubco shall:
- 28.6.1 procure that all hazardous materials and equipment used, by it or by a Sub-Contractor or used on behalf of any of them, or stored, by it or by a Sub-Contractor or stored on behalf of any of them, on the Site are kept in accordance with all relevant Law and Good Industry Practice, properly and securely labelled and stored, under appropriate supervision and used only by appropriately trained and competent staff; and

28.6.2 use all practicable and reasonable means to:

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

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

28.7 The Authority shall:

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

28.7.2 use all practicable and reasonable means to:

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

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

28.8 The Authority shall:

28.8.1 maintain a COSHH register for the Facilities, which shall be up-to-date at all times;

28.8.2 ensure that a copy of the COSHH register is kept at the Facilities; and

28.8.3 ensure that a further copy of the COSHH register is given to Sub-hubco as often as it is changed.

28.9 Sub-hubco shall notify the Authority of all relevant substances that will be stored or used at the Facilities by Sub-hubco or any Sub-hubco Party that would normally be included on a COSHH register prior to them being brought to the Facilities.

PART 7: DELAY EVENTS, RELIEF EVENTS AND FORCE MAJEURE

29 DELAY EVENTS

- 29.1 If, at any time, Sub-hubco becomes aware that there will be (or is likely to be) a delay in completion of the Works relating to one or more Phases, Sub-hubco shall forthwith give notice to the Authority's Representative to that effect specifying the relevant delay or impediment. In relation to any such delay or impediment if the Authority's Representative is satisfied, or it is determined in accordance with Schedule Part 20 (*Dispute Resolution Procedure*), that such delay or impediment has arisen as a result of the occurrence of a Delay Event, then, subject to Clause 29.2, the Authority's Representative shall allow Sub-hubco an extension of time equal to the delay or impediment caused by such Delay Event (taking into account reasonably foreseeable consequences of the Delay Event) and shall revise the relevant Phase Completion Date(s) accordingly but to avoid doubt, there shall be no extension to the Project Term as a result of any such delay or impediment.
- 29.2 If Sub-hubco is (or claims to be) affected by a Delay Event:
- 29.2.1 it shall (and shall procure that the Sub-hubco Parties shall) take and continue to take all reasonable steps to eliminate or mitigate the consequences of such an event upon the performance of its obligations under this Agreement and, where relevant, resume performance of its obligations affected by the Delay Event as soon as practicable; and
- 29.2.2 it shall neither be relieved from liability under this Agreement nor entitled to any extension of time for the purpose of Clause 29 (*Delay Events*) to the extent that it is delayed or impeded due to its failure (if any) to comply with its obligations under Clause 29.2.1 above.
- 29.3 For the purposes of this Agreement, a Delay Event means any of the following to the extent in each case that there will be (or is likely to be) a delay in completion of a Phase or Phases:
- 29.3.1 the occurrence of a Qualifying Change in relation to which it has been agreed or determined that the implementation of the Authority Change would delay the completion of a Phase or Phases;
- 29.3.2 any breach by the Authority and/or any Authority Party of any of the Authority's express obligations under this Agreement to the extent in each case that any such breach is not caused, or contributed to, by Sub-hubco or any Sub-hubco Party;
- 29.3.3 the execution of works on the Site not forming part of this Agreement by the Authority or any contractors employed by the Authority;
- 29.3.4 opening up of the Works pursuant to Clauses 13.3 to 13.7 (inclusive) where such Works are not subsequently found to be defective (unless it is agreed or determined in accordance with Schedule Part 20 (*Dispute Resolution Procedure*) that the opening up of the Works was reasonable in the light of other defects previously discovered by the Authority);
- 29.3.5 Force Majeure;
- 29.3.6 a Relief Event;
- 29.3.7 a Relevant Change in Law referred to in Clause 32.3.1 (*Discriminatory Change in Law*) and Clause 32.3.2 (*Specific Change in Law*);

- 29.3.8 the occurrence of circumstances deemed to be a Compensation Event pursuant to Clause 10.4;
 - 29.3.9 Additional Asbestos Delay; or
 - 29.3.10 legal action referred to in Clause 9.3A.5(c) where Clause 9.3A.5 applies.
- 29.4 Without prejudice to the generality of Clause 29 (*Delay Events*), Sub-hubco shall give notice in writing to the Authority's Representative as soon as it (or the Contractor) can reasonably foresee a Delay Event occurring or, if the same is not reasonably foreseeable, as soon as it (or the Contractor) shall become aware of a Delay Event. Sub-hubco shall within ten (10) Business Days after such notification, give further written details to the Authority's Representative which shall include:
- 29.4.1 a statement of which Delay Event the claim is based upon;
 - 29.4.2 details of the circumstances from which the Delay Event arises;
 - 29.4.3 details of the contemporary records which Sub-hubco will maintain to substantiate its claim for extra time;
 - 29.4.4 details of the consequences (whether direct or indirect, financial or non-financial) which such Delay Event may have upon completion of the relevant Phase(s); and
 - 29.4.5 details of any measures which Sub-hubco proposes to adopt to mitigate the consequences of such Delay Event.
- 29.5 As soon as possible but in any event within five (5) Business Days of Sub-hubco (or the Contractor) receiving, or becoming aware of, any supplemental information which may further substantiate or support Sub-hubco's claim then, provided that the Phase Completion Date has not otherwise already been revised pursuant to Clause 29.7, Sub-hubco shall submit further particulars based on such information to the Authority's Representative.
- 29.6 The Authority's Representative shall, after receipt of written details under Clause 29.4, or of further particulars under Clause 29.5, be entitled by notice in writing to require Sub-hubco to provide such further supporting particulars as he may reasonably consider necessary. Sub-hubco shall afford the Authority's Representative reasonable facilities for investigating the validity of Sub-hubco's claim including, without limitation, on-site inspection.
- 29.7 Subject to the provisions of this Clause, the Authority's Representative shall revise the relevant Phase Completion Date(s) in accordance with Clause 29.1 (*Delay Events*) as soon as reasonably practicable and in any event within fifteen (15) Business Days of the later of:
- 29.7.1 the date of receipt by the Authority's Representative of Sub-hubco's notice given in accordance with Clause 29.4 and the date of receipt of any further particulars (if such are required under Clause 29.6), whichever is the later; and
 - 29.7.2 the date of receipt by the Authority's Representative of any supplemental information supplied by Sub-hubco in accordance with Clause 29.5 and the date of receipt of any further particulars (if such are required under Clause 29.6), whichever is the later.

If Sub-hubco has failed to comply with the requirements as to the giving of notice under Clause 29.4, or has failed to maintain records or afford facilities for

inspection to the Authority's Representative, then Sub-hubco shall not be entitled to any extension of time (and the relevant Phase Completion Date(s) shall not be revised) in respect of any period of delay by Sub-hubco in giving notice or providing information under Clause 29.4 and/or to the extent that its failure to maintain records or afford facilities for inspection to the Authority's Representative has prevented the Authority's Representative from assessing the consequences of the Delay Event.

29.8 If:

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

29.8.2 Sub-hubco considers that a different Phase Completion Date(s) should be fixed; or

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

then Sub-hubco shall be entitled to refer the matter for determination in accordance with Schedule Part 20 (*Dispute Resolution Procedure*).

Compensation

29.9 If the Delay Event is a Compensation Event Sub-hubco's sole right to compensation shall be as provided for in Clauses 29.11 to 29.13 inclusive. To avoid doubt, no other Delay Event shall entitle Sub-hubco to receive any compensation save as otherwise expressly provided in:

29.9.1 Schedule Part 16 (*Change Protocol*) in the case of a Delay Event referred to in Clause 29.3.1 (subject always to the provisions of Clause 32 (*Changes in Law*)); or

29.9.2 Clause 32 (*Changes in Law*) in the case of a Delay Event referred to in Clause 29.3.7

29.10 For the purposes of Clause 29.9, a Compensation Event means:

29.10.1 any Delay Event referred to in Clause 29.3.2, Clause 29.3.3, Clause 29.3.4, Clause 29.3.9 or Clause 29.3.10 for which, in each case, it has been agreed or determined pursuant to this Clause 29 (*Delay Events*) that Sub-hubco is entitled to an extension of time; or

29.10.2 in the period prior to a Phase Actual Completion Date in circumstances where there is no delay in completion of the relevant Phase any breach by the Authority and/or any Authority Party of any of the Authority's express obligations under this Agreement to the extent that such breach is not caused, or contributed to, by Sub-hubco or any Sub-hubco Party; or

29.10.3 the occurrence of circumstances deemed to be a Compensation Event pursuant to Clause 10.4.

29.11 Subject to Clause 29.12, if it is agreed, or determined, that there has been a Compensation Event, and Sub-hubco has incurred loss (including loss of revenue) and/or expense as a direct result of such Compensation Event, Sub-hubco shall be entitled to such compensation as would place Sub-hubco in no better or worse position than it would have been in had the relevant Compensation Event not occurred. Sub-hubco shall promptly provide the Authority's Representative with any additional information he may require in order to determine the amount of such compensation.

- 29.12 Sub-hubco shall take all reasonable steps so as to minimise the loss and/or expense referred to in Clause 29.11 in relation to any Compensation Event and any compensation payable shall:
- 29.12.1 exclude any amounts incurred or to be incurred as a result of any failure of Sub-hubco (or any Sub-hubco Party) to comply with this Clause 29.12; and
 - 29.12.2 be reduced by any amount which Sub-hubco has recovered or will recover under any insurance policy (or would have recovered if it had complied with the requirements of this Agreement or of any policy of insurance required under this Agreement) which amount, to avoid doubt, shall not include any excess or deductibles or any amount over the maximum amount insured applicable to any such insurance policy.
- 29.13 The amount of any compensation due to Sub-hubco under Clause 29.11 shall be agreed between the parties or, failing agreement, determined pursuant to Schedule Part 20 (*Dispute Resolution Procedure*) and such compensation shall be payable:
- 29.13.1 in respect of compensation for a Compensation Event to the extent resulting in Capital Expenditure being incurred the Authority shall compensate Sub-hubco for the actual Capital Expenditure incurred by Sub-hubco within twenty (20) Business Days of its receipt of a written demand accompanied by a valid VAT invoice for the same by Sub-hubco supported by all relevant information; and
 - 29.13.2 in all other cases in accordance with Section 6 (*Changing the Financial Model*) of Schedule Part 16 (*Change Protocol*) as if a Relevant Event had taken place.

30 RELIEF EVENTS

- 30.1 For the purposes of this Agreement, subject to Clause 30.4, Relief Events mean any of the following events:
- 30.1.1 fire, explosion, lightning, storm, tempest, flood, bursting or overflowing of water tanks, apparatus or pipes, ionising radiation (to the extent it does not constitute Force Majeure), earthquake, riot or civil commotion;
 - 30.1.2 failure by any statutory undertaker, utility company, local authority or other like body to carry out works or provide services;
 - 30.1.3 accidental loss or damage to the Works and/or Facilities or any roads servicing the same;
 - 30.1.4 without prejudice to any obligation of Sub-hubco to provide stand by power facilities in accordance with the Authority's Construction Requirements, the Service Level Specification, failure or shortage of power, fuel or transport;
 - 30.1.5 blockade or embargo falling short of Force Majeure;
 - 30.1.6 the discovery of fossils, antiquities and human remains requiring action in accordance with Clause 19 (*Fossils and Antiquities*); or
 - 30.1.7 official or unofficial strike, lockout, go slow or other dispute in each case generally affecting the construction, building maintenance or facilities management industry (or a significant sector of that industry),

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

- 30.2 Subject to Clauses 30.3 and 30.4, no right of termination shall arise under this Agreement by reason of any failure by a party to perform any of its obligations under this Agreement to the extent that such failure to perform occurs because of the occurrence of a Relief Event (and, to avoid doubt, and without prejudice to Clause 30.9, unless expressly stated to the contrary in this Agreement, it is acknowledged that all other rights and obligations of the parties under this Agreement remain unaffected by the occurrence of a Relief Event).
- 30.3 Without prejudice to Sub-hubco's rights under Clause 29 (Delay Events), Sub-hubco shall only be relieved of its obligations under Clauses 12 (*The Design, Construction and Commissioning Process*), 13 (*Right of Access of Authority's Representative*), 14 (*Programme and Dates for Completion*), 17 (*Pre-Completion Commissioning and Completion*) and 29 (*Delay Events*) by Delay Events in accordance with Clause 29 (*Delay Events*).

Mitigation

- 30.4 Where a party is (or claims to be) affected by a Relief Event:
- 30.4.1 it shall take all reasonable steps to mitigate the consequences of such an event upon the performance of its obligations under this Agreement, resume performance of its obligations affected by the Relief Event as soon as practicable and use all reasonable endeavours to remedy its failure to perform; and
- 30.4.2 it shall not be entitled to rely upon the relief afforded to it pursuant to Clause 30.2 of this Agreement to the extent that it is not able to perform, or has not in fact performed, its obligations under this Agreement due to its failure (if any) to comply with its obligations under Clause 30.4.1 above.
- 30.5 The party claiming relief shall serve written notice on the other party within five (5) Business Days of it becoming aware of the relevant Relief Event. Such initial notice shall give sufficient details to identify the particular event claimed to be a Relief Event.
- 30.6 A subsequent written notice shall be served by the party claiming relief on the other party within a further five (5) Business Days of the notice referred to in Clause 30.5 which shall contain such relevant information relating to the failure to perform (or delay in performing) as is available, including (without limitation) the effect of the Relief Event on the ability of the party to perform, the action being taken in accordance with Clause 30.4, the date of the occurrence of the Relief Event and an estimate of the period of time required to overcome it (and/or its effects).
- 30.7 The party claiming relief shall notify the other as soon as the consequences of the Relief Event have ceased and of when performance of its affected obligations can be resumed.
- 30.8 If, following the issue of any notice referred to in Clause 30.6, the party claiming relief receives or becomes aware of any further information relating to the Relief Event (and/or any failure to perform), it shall submit such further information to the other party as soon as reasonably possible.

- 30.9 To avoid doubt, the occurrence of a Relief Event shall not entitle Sub-hubco to any compensation.

31 **FORCE MAJEURE**

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

- 31.1.1 war, civil war, armed conflict or terrorism; or
- 31.1.2 nuclear contamination unless in any case Sub-hubco and/or any Sub-hubco Party is the source or the cause of the contamination; or
- 31.1.3 chemical or biological contamination of the Works and/or the Facilities and/or the Site from any of the events referred to in Clause 31.1.1 above; or
- 31.1.4 pressure waves caused by devices travelling at supersonic speeds,

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

- 31.2 Subject to Clauses 31.3 and 31.4 the party claiming relief shall be relieved from liability under this Agreement to the extent that by reason of the Force Majeure it is not able to perform its obligations under this Agreement. For the avoidance of doubt (but without prejudice to Clause 41 (*Termination Resulting from Force Majeure*)) the Authority shall not be entitled to terminate this Agreement for a Sub-hubco Event of Default if such Sub-hubco Event of Default arises from a Force Majeure Event.

- 31.3 Where a party is (or claims to be) affected by an event of Force Majeure:

- 31.3.1 it shall take all reasonable steps to mitigate the consequences of such an event upon the performance of its obligations under this Agreement, resume performance of its obligations affected by the event of Force Majeure as soon as practicable and use all reasonable endeavours to remedy its failure to perform; and
- 31.3.2 it shall not be relieved from liability under this Agreement to the extent that it is not able to perform, or has not in fact performed, its obligations under this Agreement due to its failure (if any) to comply with its obligations under Clause 31.3.1.

- 31.4 Without prejudice to Sub-hubco's rights under Clause 29 (*Delay Events*), Sub-hubco shall only be relieved from its obligations under Clauses 12 (*The Design, Construction and Commissioning Process*), 13 (*Right of Access of Authority's Representative*), 14 (*Programme and Dates for Completion*) and 29 (*Delay Events*) by Delay Events in accordance with Clause 29 (*Delay Events*).

- 31.5 The party claiming relief shall serve written notice on the other party within five (5) Business Days of it becoming aware of the relevant event of Force Majeure. Such initial notice shall give sufficient details to identify the particular event claimed to be an event of Force Majeure.

- 31.6 A subsequent written notice shall be served by the party claiming relief on the other party within a further five (5) Business Days which shall contain such relevant information relating to the failure to perform (or delay in performing) as is available, including (without limitation) the effect of the event of Force Majeure on the ability of the party to perform, the action being taken in accordance with

Clause 31.3, the date of the occurrence of the event of Force Majeure and an estimate of the period of time required to overcome it (and/or its effects).

- 31.7 The party claiming relief shall notify the other as soon as the consequences of the event of Force Majeure have ceased and of when performance of its affected obligations can be resumed.
- 31.8 If, following the issue of any notice referred to in Clause 31.6, the party claiming relief receives or becomes aware of any further information relating to the event of Force Majeure (and/or any failure to perform), it shall submit such further information to the other party as soon as reasonably possible.
- 31.9 Nothing in this Clause 31 shall affect the Authority's entitlement to make Deductions in the period during which any event of Force Majeure is subsisting.
- 31.10 The parties shall endeavour to agree any modifications to this Agreement which may be equitable having regard to the nature of an event or events of Force Majeure. Schedule Part 20 (*Dispute Resolution Procedure*) shall not apply to a failure of the Authority and Sub-hubco to reach agreement pursuant to this Clause 31.10.

PART 8: CHANGES IN LAW & CHANGES

32 CHANGES IN LAW

General

32.1 Sub-hubco shall take all steps necessary to ensure that the Project Operations are performed in accordance with the terms of this Agreement (including, without limitation, Clause 5.2.1) following any Change in Law.

Relevant Changes in Law

32.2 Subject to Clause 32.4.3(e) and Clause 32.4.3(f) and on the occurrence of any Relevant Change in Law, the parties shall be entitled to seek adjustments to the Annual Service Payments to compensate for any increase or decrease (as the case may be) in the net cost to Sub-hubco of performing the Project Operations. Such adjustments (if any) will be calculated in accordance with and subject to Clause 32.4.

32.3 Relevant Change in Law means any of the following:

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

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

32.3.3 the occurrence, after the relevant date, of any Change in Law which requires any work of alteration, addition, demolition or extension or variation in the quality or function of the Facilities which is not Maintenance Work or work which Sub-hubco would otherwise be required to undertake to comply with its obligations under this Agreement. For the purposes of this Clause 32.3.3, the relevant date shall, in respect of a Phase, be the later to occur of the Phase Completion Date and the Phase Actual Completion Date, save where the Phase Actual Completion Date is delayed by a Compensation Event, a Delay Event referred to in Clause 29.3.1 or by a Delay Event referred to in Clause 29.3.7, in which case the relevant date shall be the later to occur of the Phase Completion Date and the date on which the Works relating to the relevant Phase would have been completed in accordance with this Agreement had the relevant Compensation Event or Delay Event not occurred,

provided that:

(a) such Change in Law was not reasonably foreseeable at the date of this Agreement by an experienced contractor performing operations similar to the relevant the Project Operations, on the basis of draft bills published in Government green or white papers or other Government departmental consultation papers, bills, draft statutory instruments or draft instruments or proposals published in the Official Journal of the European Union, in each case published:

(i) prior to the date of this Agreement; and

(ii) in substantially the same form or having substantially the same effect as the Relevant Change in Law; and

- (b) a Change in Law relating to the application for, coming into effect, terms, implementation, repeal, revocation or otherwise of any Planning Permission shall not constitute a Relevant Change in Law.

32.4 On the occurrence of a Relevant Change in Law:

32.4.1 either party may give notice to the other of the occurrence of the Relevant Change in Law;

32.4.2 the parties shall meet within ten (10) Business Days of the notice referred to in Clause 32.4.1 to consult and seek to agree the effect of the Relevant Change in Law. If the parties, within fifteen (15) Business Days of this meeting, have not agreed the occurrence or the effect of the Relevant Change in Law, either party may refer the question of whether a Relevant Change in Law has occurred or the effect of any Relevant Change in Law for resolution in accordance with Schedule Part 20 (*Dispute Resolution Procedure*); and

32.4.3 within ten (10) Business Days of the agreement or determination referred to in Clause 32.4.2 above, the Authority's Representative shall issue an Authority Change Notice and the relevant provisions of Schedule Part 16 (*Change Protocol*) shall apply except that:

- (a) Sub-hubco may give notice to the Authority's Representative that it objects to such an Authority Change Notice only on the grounds that the implementation of the Change would not give effect to or comply with the Relevant Change in Law;

- (b) the Authority shall (i) agree the implementation of the Low Value Change; or (ii) confirm the estimate for the Medium Value Change; or (iii) approve the High Value Change Stage 2 Submission, (as appropriate) in respect of the Change in accordance with the relevant provisions of Schedule Part 16 (*Change Protocol*);

- (c) the provisions of Clause 11 (*Consents and Planning Approval*) shall apply;

- (d) the Authority shall not be entitled to withdraw any Authority Change Notice or its agreement as to the implementation of the Low Value Change, confirmation of an estimate for the Medium Value Change or approval of a High Value Change Stage 2 Submission (as appropriate), issued in accordance with this Clause 32.4;

- (e) Sub-hubco shall, without prejudice to its general obligation to comply with the terms of this Agreement:

- (i) use all reasonable endeavours to mitigate the adverse effects of any Relevant Change in Law and take all reasonable steps to minimise any increase in costs arising from such Relevant Change in Law; and

- (ii) use all reasonable endeavours to take advantage of any positive or beneficial effects of any Relevant Change in Law and take all reasonable steps to maximise any reduction in costs arising from such Relevant Change in Law; and

- (f) any compensation payable, or reduction to the Annual Service Payments, shall be calculated in accordance with the relevant provisions of Schedule Part 16 (*Change Protocol*) provided that:
 - (i) the amount of any compensation payable; or
 - (ii) the amount by which the Annual Service Payment is to be reduced,

shall not take into account any amounts incurred or to be incurred as a result of Sub-hubco's failure to comply with Clause 32.4.3(e) above.

General Change in Law

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

32.5.1 the parties shall meet within ten (10) Business Days to consult and seek to agree the effect of the Change in Law and any Change required as a consequence. If the parties, within fifteen (15) Business Days of this meeting, have not agreed the occurrence or the effect of the relevant Change in Law, either party may refer the question of whether a Change in Law has occurred or the effect of the Change in Law for resolution in accordance with Schedule Part 20 (*Dispute Resolution Procedure*); and

32.5.2 within ten (10) Business Days of the agreement or determination referred to in Clause 32.5.1 above the Authority's Representative shall, if it is agreed or determined that a Change is required in order to comply with the Change in Law, issue an Authority Change Notice and the relevant provisions of Schedule Part 16 (*Change Protocol*) shall apply except that:

- (a) Sub-hubco may give notice to the Authority's Representative that it objects to such an Authority Change Notice only on the grounds that the implementation of the Change would not give effect to or comply with the Change in Law;
- (b) the Authority shall (i) agree the implementation of the Low Value Change; or (ii) confirm the estimate for the Medium Value Change; or (iii) approve the High Value Change Stage 2 Submission, (as appropriate) in respect of the Change in accordance with the relevant provisions of Schedule Part 16 (*Change Protocol*);
- (c) the provisions of Clause 11 (*Consents and Planning Approval*) shall apply;
- (d) the Authority shall not be entitled to withdraw any Authority Change Notice or its (i) agreement as to the implementation of the Low Value Change; or (ii) confirmation of an estimate for the Medium Value Change; or (iii) approval of a High Value Change Stage 2 Submission (as appropriate), issued in accordance with this Clause 32.5 (*General Changes in Law*); and
- (e) Sub-hubco shall not be entitled to any payment or other compensation or relief from any performance of its obligations under this Agreement in respect of such Change in Law or associated Change (or the consequences of either).

CHANGE PROTOCOL

The provisions of Schedule Part 16 (*Change Protocol*) shall have effect in respect of Changes except as otherwise expressly provided in this Agreement.

PART 9: FINANCIAL

34 PAYMENT

Service Payments

34.1 Sub-hubco shall not be entitled to receive any Monthly Service Payments until Payment Commencement Date. Subject to the provisions of this Agreement, the Authority shall pay Sub-hubco the Monthly Service Payments in respect of each Contract Month following Payment Commencement Date in accordance with the provisions of Schedule Part 14 (*Payment Mechanism*).

Invoicing and payment arrangements

34.2 The provisions of this Clause 34.2 apply to the issue of invoices in respect of the Monthly Service Payment by Sub-hubco under this Agreement:

34.2.1 On or before the last day of each Contract Month Sub-hubco shall submit to the Authority an invoice ("**Monthly Invoice**") aggregating the following:

- (a) the Monthly Service Payment for that Contract Month, calculated in accordance with Section 2 (*Calculation of Service Payments*) of Schedule Part 14 (*Payment Mechanism*);
- (b) adjustments to reflect previous over-payments and/or under-payments (each adjusted stated separately);
- (c) any other amounts due by one party to the other (and where owed by Sub-hubco showing as a negative figure);
- (d) any VAT payable in respect of the above amounts;
- (e) not used;
- (f) as a negative figure, in respect of the Monthly Invoice issued during the final Contract Month only, an amount equivalent to twice the monthly average of the Deductions incurred in the previous six Contract Months ("**Estimated Deductions**"),

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

34.2.2 Subject to Clauses 34.2.3 and 34.3 and the submission of the supporting information referred to in Clause 34.2.1, where a Monthly Invoice shows a net amount owed by the Authority to Sub-hubco, the Authority shall pay the amount of the Monthly Invoice within twenty (20) Business Days of its submission and delivery of a valid VAT invoice in respect thereof. Where a Monthly Invoice shows a net amount owed by Sub-hubco to the Authority, Sub-hubco shall pay that amount to the Authority within twenty (20) Business Days of the Monthly Invoice or, at the option of the Authority, carry forward that amount to the next Monthly Invoice to reduce amounts which would otherwise be owed by the Authority to Sub-hubco.

34.2.3 Within 10 Business Days of the Expiry Date, Sub-hubco shall provide to the Authority a Performance Monitoring Report in respect of the final two Contract Months. If the Deductions incurred in the final two Contract Months exceed the Estimated Deductions, Sub-hubco shall pay to the

Authority an amount equal to the excess within twenty (20) Business Days of receipt of an invoice therefor. If the Estimated Deductions exceed the Deductions incurred in the final two Contract Months the Authority shall pay to Sub-hubco an amount equal to the excess within twenty (20) Business Days of receipt of an invoice therefor.

34.2.4 On or before the tenth day of each Contract Month Sub-hubco shall submit to the Authority a Monthly Service Report in respect of the immediately preceding Contract Month. The Monthly Service Report shall set out, in respect of the immediately preceding Contract Month:

- (a) details of each and the aggregate amount of all Deductions incurred in relation to Performance Failures;
- (b) details of each and the aggregate amount of all Deductions incurred in relation to Availability Failures;
- (c) other information detailed in Schedule Part 12 (*Service Requirements*).

34.2.5 The parties shall endeavour to agree the contents of a Monthly Service Report within twenty (20) Business Days of its submission in accordance with Clause 34.2.4, failing which either party may refer the matter to the Dispute Resolution Procedure.

Manner of payment

34.3 All invoices under this Agreement shall be raised in Pounds Sterling and the money of account and money of payment in respect of all payments, liabilities and claims (including any accrued rights) under this Agreement at any time shall remain denominated in and be made in Pounds Sterling. All payments under this Agreement shall be made in Pounds Sterling by electronic transfer of funds for value on the day in question to the bank account of the recipient (located in the United Kingdom) specified in the relevant invoice, quoting the invoice number against which payment is made.

Disputes

34.4 If the Authority (acting in good faith) disputes all or any part of the Monthly Service Payments calculated in accordance with Clause 34.2 (*Invoicing and Payment Arrangements*), the undisputed amount of the Monthly Service Payment shall be paid by the Authority in accordance with Clause 34.2 (*Invoicing and Payment Arrangements*) and the provisions of this Clause 34.4 shall apply. The parties shall use all reasonable endeavours to resolve the dispute in question within ten (10) Business Days of the dispute arising. If they fail so to resolve it, either party may refer the matter to the Dispute Resolution Procedure. Following resolution of the dispute, any amount agreed or determined to have been payable shall be paid forthwith by the Authority to Sub-hubco, together with interest on such amount calculated in accordance with Clause 34.5 (*Late Payments*).

Late Payments

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

Set-Off

- 34.6 Subject to Clause 46.12, whenever any sum of money shall be agreed, or determined, as due and payable by Sub-hubco to the Authority, such sum may at the Authority's discretion be deducted from or applied to reduce the amount of any sum then due, or which at any time afterwards may become due, to Sub-hubco from the Authority under this Agreement provided that the Authority has given Sub-hubco not less than five (5) Business Days' notice of its intention to deduct or apply such sum.
- 34.7 Whenever any sum of money shall be agreed, or determined, as due and payable by the Authority to Sub-hubco, such sum may at Sub-hubco's discretion be deducted from or applied to reduce the amount of any sum then due, or which at any time afterwards may become due, from Sub-hubco to the Authority under this Agreement provided that Sub-hubco has given the Authority not less than five (5) Business Days' notice of its intention to deduct or apply such sum.

35 VAT AND CONSTRUCTION INDUSTRY TAX DEDUCTION SCHEME

VAT

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

ruling is received from the Commissioners which states that a sum of VAT (the "VAT Sum") is properly so chargeable or the Commissioners state that they are not prepared to give any ruling on the matter. In this case, then subject to Clauses 35.6 and 35.7 and provided that the First Party shall first have received a valid tax invoice which complies with the requirements of Part III VAT Regulations 1995 and which states the VAT Sum to be the amount of VAT chargeable to the First Party, the First Party shall pay the VAT Sum (and any interest or penalties attributable to the VAT Sum) to the Second Party.

- 35.6 If the First Party disagrees with any ruling obtained pursuant to Clause 35.3 by the Second Party from the Commissioners, then the Second Party (provided that it is indemnified to its reasonable satisfaction against all costs and expenses including interest and penalties which it may incur in relation thereto) shall take such action and give such information and assistance to the First Party as the First Party may require to challenge such ruling or otherwise to resist or avoid the imposition of VAT on the relevant supply.
- 35.7 The following further provisions shall apply if the First Party shall exercise its rights under Clause 35.6:
- 35.7.1 the action which the First Party shall be entitled to require the Second Party to take shall include (without limitation) contesting any assessment to VAT or other relevant determination of the Commissioners before any VAT tribunal or court of competent jurisdiction and appealing any judgement or decision of any such tribunal or court;
- 35.7.2 if the Second Party shall be required to pay to or deposit with the Commissioners a sum equal to the VAT assessed as a condition precedent to its pursuing any appeal, the First Party shall, at its election, either pay such sum to the Commissioners on behalf of the Second Party or on receipt of proof in a form reasonably satisfactory to the First Party that the Second Party has paid such sum to or deposited such sum with the Commissioners the First Party shall pay such sum to the Second Party;
- 35.7.3 save as specifically provided in Clause 35.5, the First Party shall not be obliged to pay to the Second Party any sum in respect of the VAT in dispute to the Second Party or in respect of VAT on any further supplies made by the Second Party to the First Party which are of the same type and raise the same issues as the supplies which are the subject of the relevant dispute unless and until the final outcome of the relevant dispute is that it is either determined or agreed that VAT is properly chargeable on the relevant supply or supplies; and
- 35.7.4 the Second Party shall account to the First Party for any costs awarded to the Second Party on any appeal, for any sum paid to or deposited with the Commissioners in accordance with Clause 35.7.2 which is repayable to the Second Party and for any interest to which the Second Party is entitled in respect of such sums.

Changes in recoverability of VAT

- 35.8 Subject to Clause 35.9, if, following a Change in Law, Sub-hubco becomes unable to recover VAT attributable to supplies to be made to the Authority by Sub-hubco pursuant to this Agreement, the Authority shall ensure that Sub-hubco is left in no better and no worse position than it would have been had such Change in Law not occurred (including but not limited to making such amendments to this Agreement as Sub-hubco and the Authority shall agree acting reasonably), provided that Sub-hubco shall use all reasonable endeavours to mitigate the adverse effects of any such Change in Law.

35.9 The provisions of Clause 35.8 shall apply only if (and to the extent that) the Change in Law was not reasonably foreseeable at the date of this Agreement by an experienced contractor performing operations similar to the relevant Works on the basis of draft bills published in Government green or white papers or other Government departmental consultation papers, bills, draft statutory instruments or draft instruments or proposals published in the Official Journal of the European Union, in each case published:

35.9.1 prior to the date of this Agreement; and

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

Construction Industry Tax Deduction Scheme

35.10 This Clause 35.10 (*Construction Industry Tax Deduction Scheme*) relates to the Construction Industry Tax Deduction Scheme:

35.10.1 In this Clause 35.10 (*Construction Industry Tax Deduction Scheme*) (but not otherwise):

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

35.10.2 Each of the Authority and Sub-hubco shall comply with the Legislation.

35.10.3 If any payment due from the Authority to Sub-hubco under this Agreement is a contract payment under section 60(1) of the Act, then the Authority, as Contractor, shall (not later than fifteen (15) Business days before the first such payment is due to be made) verify, in accordance with paragraph 6 of the Regulations, whether the sub-contractor is registered for gross payment or for payment under deduction or is not registered under Chapter 3 Part 3 of the Act.

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

- (a) if Sub-hubco is registered for gross payment under section 63(2) of the Act, the Authority shall make a payment to Sub-hubco without any deduction;
- (b) if Sub-hubco is not registered for gross payments under section 63(2) of the Act, the Authority shall make a payment to Sub-hubco, subject to the deduction of the relevant percentage in accordance with section 61(1) of the Act, and thereupon Clause 35.10.6 below shall apply.

35.10.5 If any dispute arises between the Authority and Sub-hubco as to whether any payment due by the Authority to Sub-hubco under this Agreement is

or is not a contract payment by virtue of the exemption in Regulation 23 of the Regulations, the parties will jointly apply to HM Revenue and Customs for a written ruling and until such ruling is received it shall be assumed that such payment is a contract payment and the provisions of Clause 35.10 (*Construction Industry Tax Deduction Scheme*) shall apply accordingly.

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

35.10.7 Where any error or omission has occurred in calculating or making any payment under this Clause 35.10 (*Construction Industry Tax Deduction Scheme*) then:

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

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

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

35.10.9 If compliance with this Clause 35.10 involves the Authority or Sub-hubco in not complying with any other of the terms of this Agreement, then the provisions of this Clause shall prevail.

36 IRR SHARING AND CAP

36.1 Not later than one month before each Distribution Date, Sub-hubco shall send to the Authority a calculation showing:

36.1.1 the Proposed Distribution;

36.1.2 the Investor Return on the assumption that the whole of the Proposed Distribution will be paid to the Investors on the Relevant Distribution Date;

36.1.3 where the Proposed Distribution would be a Qualifying Distribution, the First Threshold Excess and, if applicable, the Second Threshold Excess; and

36.1.4 the Authority's Distribution Share of the Proposed Distribution.

36.2 For the purposes of this Clause 36 (*IRR Sharing and Cap*), in calculating the amount of the Investor Return, the amount of any Distribution or Proposed

Distribution or Projected Distribution that is attributable to Sub-hubco's share of all (if any) Refinancing Gains shall be excluded.

36.3 Nothing contained in this Agreement shall affect the right or ability of Sub-hubco to make Distributions that are not Qualifying Distributions.

36.4 If, taking into account:

36.4.1 all Distributions actually made prior to the Relevant Distribution Date;

36.4.2 the Proposed Distribution; and

36.4.3 all Projected Distributions,

the Proposed Distribution would, were it to be paid in full to the Investors on the Relevant Distribution Date, result in the Investor Return exceeding the First Whole Life Threshold Return (a "**Qualifying Distribution**"), the provisions of Clauses 36.6 and 36.7 shall apply.

36.5 In the event that Sub-hubco has available to it funds to make a Distribution that would:

36.5.1 be permitted by Law and the Funding Agreements;

36.5.2 be a Qualifying Distribution; and

36.5.3 if paid to the Investors in full on a particular date, result in the Investor Return exceeding the Second Whole Life Threshold Return,

the Authority may request that Sub-hubco makes a Qualifying Distribution and propose the date for so doing and Sub-hubco shall act reasonably in considering such request, having regard to the interests of the Authority and Sub-hubco respectively.

36.6 In relation to any Qualifying Distribution, Sub-hubco must pay or allow the Authority's Distribution Share to the Authority in accordance with Clause 36.8.

36.7 This Clause 36 (*IRR Sharing and Cap*) shall continue to apply, notwithstanding termination or expiry of this Agreement, until the dissolution or striking-off of Sub-hubco.

36.8 The Authority shall have the right to receive the Authority's Distribution Share of a Proposed Distribution to which it becomes entitled from time to time as:

36.8.1 a rebate of the Monthly Service Payments for the Contract Year most recently ended prior to the Relevant Distribution Date, paid as a single payment on the Relevant Distribution Date; or

36.8.2 a reduction in the Annual Service Payments from the Relevant Distribution Date over the remaining term of this Agreement; or

36.8.3 a combination of the above,

as the Authority elects by notice to Sub-hubco prior to the Relevant Distribution Date provided that the manner in which the Authority elects to receive the Authority's Distribution Share is permitted by the Funding Agreements.

- 37.1 Unless otherwise agreed between the parties, any amendments to the Financial Model shall reflect, be consistent with and be made only in accordance with the provisions of this Agreement, and shall in all cases be subject to the prior written approval of the Authority (such approval not to be unreasonably withheld or delayed). In the event that the parties fail to agree any proposed amendments to the Financial Model, the matter shall be referred for resolution in accordance with Schedule Part 20 (*Dispute Resolution Procedure*).
- 37.2 Following any amendment of the Financial Model in accordance with this Agreement, Sub-hubco shall promptly deliver a copy of the revised Financial Model to the Authority in the same form as the original form (or such other form as may be agreed by the parties from time to time).

38 RECORDS AND OPEN BOOK ACCOUNTING

Records and Reports

The provisions of Schedule Part 19 (*Record Provisions*) shall apply to the keeping of records and the making of reports.

PART 10: TERMINATION

39 AUTHORITY EVENTS OF DEFAULT

- 39.1 For the purposes of this Agreement, Authority Events of Default means any of the following events or circumstances:
- 39.1.1 the Authority is in material breach of its obligations under Clause 9 (*Nature of Land Interests*) (other than as a consequence of a breach by Sub-hubco of its obligations under this Agreement) and such breach materially adversely affects the ability of Sub-hubco to perform its material obligations under this Agreement for a continuous period of not less than thirty (30) Business Days; or
 - 39.1.2 the Authority fails to pay any sum or sums due to Sub-hubco under this Agreement (which sums are not in dispute) which, either singly or in aggregate, exceed(s) the amount of the Monthly Service Payment from time to time and such failure continues for thirty (30) Business Days from receipt by the Authority of a notice of non payment from Sub-hubco; or
 - 39.1.3 the Authority is in breach of its obligations under Clause 57.4;
 - 39.1.4 an expropriation, sequestration or requisition of a material part of the Assets and/or shares of Sub-hubco or hubco by the Authority or any Relevant Authority; or
 - 39.1.5 the Authority is sequestrated under the Bankruptcy (Scotland) Act 1985 or otherwise becomes insolvent and its obligations are not otherwise transferred to another party such as is referred to in Clause 57.4.

Sub-hubco's options

- 39.2 On the occurrence of an Authority Event of Default, or within a reasonable time after Sub-hubco becomes aware of the same, and while the same is still subsisting, Sub-hubco may, at its option:
- 39.2.1 in respect of execution of the Works, suspend performance by it of its obligations under this Agreement until such time as the Authority shall have demonstrated to the reasonable satisfaction of Sub-hubco that it is capable of performing, and will perform, its obligations under this Agreement; or
 - 39.2.2 serve notice on the Authority (or such other party as may be notified in advance in writing by the Authority to Sub-hubco) of the occurrence (and specifying details) of such Authority Event of Default. If the relevant matter or circumstance has not been rectified or remedied by the Authority (or otherwise) in respect of Clauses 39.1.1, 39.1.3, 39.1.4 and 39.1.5 within sixty (60) Business Days of such notice, and in respect of Clause 39.1.2 within thirty (30) Business Days of such notice, Sub-hubco may serve a further notice on the Authority (or its substitute notified in accordance with this Clause 39.2.2) terminating this Agreement with immediate effect.
- 39.3 Sub-hubco shall not exercise or purport to exercise any right to terminate this Agreement (or accept any repudiation of this Agreement) except as expressly set out in this Agreement.

40 SUB-HUBCO EVENT OF DEFAULT

Sub-hubco Event of Default

40.1 For the purposes of this Agreement, Sub-hubco Event of Default means any of the following events or circumstances:

Insolvency

40.1.1 the occurrence of any of the following events in respect of Sub-hubco, namely:

- (a) any arrangement or composition with or for the benefit of creditors (including any voluntary arrangement as defined in the Insolvency Act 1986) being entered into by or in relation to Sub-hubco;
- (b) a receiver, administrator, administrative receiver or other encumbrancer taking possession of or being appointed over, or any distress, execution or other process being levied or enforced (and not being discharged within ten (10) Business Days) upon, the whole or any material part of the assets of Sub-hubco;
- (c) Sub-hubco ceasing to carry on business;
- (d) a petition being presented (and not being discharged within twenty (20) Business Days), or a resolution being passed or an order being made for the administration or the winding up, bankruptcy or dissolution of Sub-hubco; or
- (e) if Sub-hubco shall suffer any event analogous to the events set out in Clauses 40.1.1(a) to (d) in any jurisdiction in which it is incorporated or resident;

Long stop

40.1.2 Sub-hubco failing to achieve the Phase 1 Actual Completion Date within a period of twelve (12) months after the Phase 1 Completion Date

Default

40.1.3

- (a) Sub-hubco committing a material breach of its obligations under this Agreement which has a material and adverse effect on the delivery of the Community Services (other than as a consequence of a breach by the Authority of its obligations under this Agreement);
- (b) Sub-hubco wilfully breaches Schedule Part 23 (*Refinancing*);

40.1.4 Sub-hubco abandoning this Agreement;

Health and safety

40.1.5 at any time after the relevant Phase Actual Completion Date Sub-hubco committing a material breach of its obligations under this Agreement (other than as a consequence of a breach by the Authority of its obligations under this Agreement) which results in the criminal investigation, prosecution and conviction of Sub-hubco or any Sub-hubco Party or the Authority under the Health and Safety Regime (an "**H&S Conviction**") provided that an H&S Conviction of a Sub-hubco Party or the Authority shall not constitute a Sub-hubco Event of Default if, within ninety (90) Business Days from the date of the H&S Conviction (whether or not the H&S Conviction is subject to an appeal or any further judicial process), the involvement in the Project Operations of each relevant Sub-hubco Party (which in the case of an individual director, officer or employee shall be deemed to include the Sub-hubco Party of which that person is a director, officer or employee) is terminated and a replacement is appointed by Sub-hubco in accordance with Clause 57.5 (*Sub contracting*);

In determining whether to exercise any right of termination or right to require the termination of the engagement of a Sub-hubco Party pursuant to this Clause 40.1.5, the Authority shall:

- (a) act in a reasonable and proportionate manner having regard to such matters as the gravity of any offence and the identity of the person committing it; and
- (b) give all due consideration, where appropriate, to action other than termination of this Agreement;

Change in Control

40.1.6 the occurrence of any Change in Control which is prohibited by Clause 58 (*Ownership Information and Changes in Control*);

Assignment

40.1.7 Sub-hubco failing to comply with the provisions of Clauses 57.2 or 57.5;

Deductions

40.1.8 the total Deductions in each of any three Contract Months in any six consecutive Contract Months amount to more than the "applicable percentage" of the Annual Service Payment for the current Contract Year for such Contract Month, where the "applicable percentage" for purposes of this Clause 40.1.8:

40.1.8.1 for Deductions in any Contract Month within the first six Contract Months, is 1.2 per cent;

40.1.8.2 for Deductions in any other Contract Month, is 0.80 per cent;

Warning Notices

40.1.9 Sub-hubco is awarded a total of four or more Warning Notices in any period of 12 consecutive months;

Payment

40.1.10 Sub-hubco failing to pay any sum or sums due to the Authority under this Agreement (which sums are not in dispute) which, either singly or in aggregate, exceed(s) £50,000 (index linked) and such failure continues for sixty (60) Business Days from receipt by Sub-hubco of a notice of non payment from the Authority; or

Insurance

40.1.11 a breach by Sub-hubco of its obligation to take out and maintain the insurances required by Clauses 53.1 and 53.2.

Notification

40.2 Sub-hubco shall notify the Authority of the occurrence, and details, of any Sub-hubco Event of Default and of any event or circumstance which is likely, with the passage of time or otherwise, to constitute or give rise to a Sub-hubco Event of Default, in either case promptly on Sub-hubco becoming aware of its occurrence.

Authority's options

40.3 On the occurrence of a Sub-hubco Event of Default, or within a reasonable time after the Authority becomes aware of the same, and while the same is subsisting, the Authority may:

40.3.1 in the case of the Sub-hubco Events of Default referred to in Clauses 40.1.1 (*Insolvency*), 40.1.2(*Long Stop*), 40.1.3(b), 40.1.5 (*Health and Safety*), 40.1.6 (*Change in Control*), 40.1.7 (*Assignment*), 40.1.8 (*Deductions*) 40.1.9 (*Warning Notices*), or 40.1.10 (*Payment*), terminate this Agreement in its entirety by notice in writing having immediate effect;

40.3.2 in the case of any Sub-hubco Event of Default referred to in Clause 40.1.3(a) and 40.1.4, serve notice of default on Sub-hubco requiring Sub-hubco at Sub-hubco's option either:

(a) to remedy the Sub-hubco Event of Default referred to in such notice of default (if the same is continuing) within twenty (20) Business Days of such notice of default; or

(b) to put forward within twenty (20) Business Days of such notice of default a reasonable programme (set out, if appropriate, in stages) for remedying the Sub-hubco Event of Default. The programme shall specify in reasonable detail the manner in, and the latest date by, which such Sub-hubco Event of Default is proposed to be remedied (Sub-hubco shall only have the option of putting forward a programme in accordance with this Clause 40.3.2(b) if it first notifies the Authority within ten (10) Business Days of such notice of default that it proposes to do so);

40.3.3 in the case of any Sub-hubco Event of Default referred to in Clause 40.1.11 (*Insurance*) serve notice of default on Sub-hubco requiring Sub-hubco to remedy the Sub-hubco Event of Default (if the same is continuing) within twenty (20) Business Days of such notice of default.

Remedy provisions

40.4 Where Sub-hubco puts forward a programme in accordance with Clause 40.3.2(b), the Authority shall have twenty (20) Business Days from receipt of the same within which to notify Sub-hubco (acting reasonably) that it does not accept the programme, failing which the Authority shall be deemed to have accepted the

programme. Where the Authority notifies Sub-hubco that it does not accept the programme as being reasonable, the parties shall endeavour within the following five (5) Business Days to agree any necessary amendments to the programme put forward. In the absence of agreement within five (5) Business Days, the question of whether the programme (as the same may have been amended by agreement) will remedy the Sub-hubco Event of Default in a reasonable manner and within a reasonable time period (and, if not, what would be a reasonable programme) may be referred by either party for resolution in accordance with Schedule Part 20 (*Dispute Resolution Procedure*).

40.5 If:

40.5.1 the Sub-hubco Event of Default notified in a notice of default served under Clause 40.3.2 or Clause 40.3.3 (as the case may be) is not remedied before the expiry of the period referred to in Clause 40.3.2(a) or Clause 40.3.3 (as appropriate); or

40.5.2 where Sub-hubco puts forward a programme pursuant to Clause 40.3.2(b) which has been accepted by the Authority or has been determined to be reasonable and Sub-hubco fails to achieve any element of the programme or the end date for the programme (as the case may be); or

40.5.3 any programme put forward by Sub-hubco pursuant to Clause 40.3.2(b) is rejected by the Authority as not being reasonable, and the Dispute Resolution Procedure does not find against that rejection,

then the Authority may terminate this Agreement in its entirety by written notice to Sub-hubco with immediate effect. Provided that for the purposes of Clause 40.5.2 if Sub-hubco's performance of the programme is adversely affected by the occurrence of Force Majeure, a Relief Event or an Excusing Cause then, subject to Sub-hubco complying with the mitigation and other requirements in this Agreement concerning Force Majeure, a Relief Event or an Excusing Cause (as the case may be), the time for performance of the programme or any relevant element of it shall be deemed to be extended by a period equal to the delay caused by Force Majeure, the Relief Event or the Excusing Cause (as the case may be) which is agreed by the parties or determined in accordance with Schedule Part 20 (*Dispute Resolution Procedure*).

Authority's costs

40.6 Sub-hubco shall reimburse the Authority for all reasonable costs incurred by the Authority in exercising any of its rights pursuant to this Clause 40 (*Sub-hubco Event of Default*) (including, without limitation, any relevant increased administrative expenses). The Authority shall take reasonable steps to mitigate such costs.

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

41 TERMINATION RESULTING FROM FORCE MAJEURE

41.1 If, in the circumstances referred to in Clause 31 (Force Majeure), the parties have failed to reach agreement on any modification to this Agreement pursuant to Clause 31 (Force Majeure) within six (6) calendar months of the date on which the party affected serves notice on the other party in accordance with Clause 31

(Force Majeure) either party may at any time afterwards terminate this Agreement by written notice to the other party having immediate effect provided always that the effects of the relevant event of Force Majeure continues to prevent either party from performing any material obligation under this Agreement.

42 **AUTHORITY VOLUNTARY TERMINATION**

42.1 The Authority shall be entitled to terminate this Agreement at any time on three (3) months' written notice to Sub-hubco. In the event of notice being given by the Authority in accordance with this Clause, the Authority shall, at any time before the expiration of such notice, be entitled to direct Sub-hubco, where the Works (or any part or parts of the Works) or any Service (or any elements of any Service) have not been commenced, to refrain from commencing any such Works or Services (or to procure the same).

43 **EXPIRY**

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

44 **CORRUPT GIFTS AND PAYMENTS**

Prohibition on corruption

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

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

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

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

44.1.3 committing any offence:

- (a) under the Bribery Act 2010;
- (b) under any Law creating offences in respect of fraudulent acts; or
- (c) at common law, in respect of fraudulent acts in relation to this Agreement or any other agreement with the Authority or any other public body; or

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

Warranty

- 44.2 Sub-hubco warrants that in entering into this Agreement it has not committed any Prohibited Act.

Remedies

- 44.3 If Sub-hubco or any Sub-hubco Party (or anyone employed by or acting on behalf of them) commits any Prohibited Act, then the Authority shall be entitled to act in accordance with Clauses 44.3.1 to 44.3.6 below:

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

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

44.3.3 if the Prohibited Act is committed by a Contracting Associate or by an employee of that Contracting Associate not acting independently of that Contracting Associate then the Authority may give written notice to Sub-hubco of termination and this Agreement will terminate, unless within twenty (20) Business Days of receipt of such notice Sub-hubco terminates the relevant Sub-Contract and procures the performance of the relevant part of the Works and/or Services by another person, where relevant, in accordance with Clause 57 (*Assignment and Sub-Contracting*);

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

44.3.5 if the Prohibited Act is committed by any other person not specified in Clauses 44.3.1 to 44.3.4 above, then the Authority may give notice to Sub-hubco of termination and this Agreement will terminate unless within twenty (20) Business Days Sub-hubco procures the termination of such person's employment and of the appointment of their employer (where the employer is not the Authority and where such person is not employed by Sub-hubco or the Contracting Associate) and (if necessary) procures the performance of the relevant part of the Works and/or Services by another person; and

44.3.6 any notice of termination under this Clause shall specify:

- (a) the nature of the Prohibited Act;
- (b) the identity of the party who the Authority believes has committed the Prohibited Act; and

- (c) the date on which this Agreement will terminate in accordance with the applicable provisions of this Clause.

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

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

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

Permitted payments

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

Notification

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

Interim Management

44.7 Where Sub-hubco is required to replace any Sub Contractor pursuant to this Clause, the provisions of Clause 57.9 shall apply and be construed accordingly.

45 BREACH OF THE IRR SHARING AND CAP PROVISIONS

Breach by Sub-hubco

45.1 If Sub-hubco breaches Clause 36.6 then the Authority may, within a reasonable time of becoming aware of such breach, terminate this Agreement in accordance with Clause 45.2 below. Where the Authority becomes aware of such breach, it shall inform Sub-hubco of the occurrence of such breach as soon as reasonably practicable thereafter, provided that the failure by the Authority to so inform Sub-hubco shall not constitute a breach of this Agreement by the Authority.

Notice of Termination

45.2 If the Authority wishes to terminate this Agreement under this Clause 45 (*Breach of the IRR Sharing and Cap Provisions*), it must first give Sub-hubco notice stating that the Authority is terminating this Agreement under this Clause 45 (*Breach of the IRR Sharing and Cap Provisions*) and that this Agreement will terminate on the date falling 30 Business Days after the date of receipt of the notice.

Date of Termination

45.3 If the Authority gives notice to Sub-hubco pursuant to Clause 45.2, this Agreement will terminate on the date falling 30 Business Days after receipt of the notice unless Sub-hubco demonstrates to the satisfaction of the Authority (acting reasonably) that such breach was caused by an administrative error of Sub-hubco and Sub-hubco rectifies such breach within 10 Business Days of receipt of such notice.

46 COMPENSATION ON TERMINATION

46.1 If this Agreement is terminated pursuant to Clause 41 (*Termination Resulting from Force Majeure*), then the Authority shall pay compensation to Sub-hubco in

accordance with Section 3 (*Consequence of Termination for Force Majeure*) of Schedule Part 17 (*Compensation on Termination*).

- 46.2 If this Agreement is terminated pursuant to Clause 40 (*Sub-hubco Events of Default*) other than pursuant to Clause 40.1.3(b), then the Authority shall pay compensation to Sub-hubco in accordance with Section 2 (*Compensation on Sub-hubco Default*) of Schedule Part 17 (*Compensation on Termination*).
- 46.3 If this Agreement is terminated pursuant to Clause 39 (*Authority Events of Default*), then the Authority shall pay compensation to Sub-hubco in accordance with Section 1 (*Compensation on Termination for Authority Default and Voluntary Termination*) of Schedule Part 17 (*Compensation on Termination*).
- 46.4 If this Agreement is terminated pursuant to Clause 42 (*Voluntary Termination*), then the Authority shall pay compensation to Sub-hubco in accordance with Section 1 (*Compensation on Termination for Authority Default and Voluntary Termination*) of Schedule Part 17 (*Compensation on Termination*).
- 46.5 If this Agreement is terminated pursuant to Clause 40.1.3(b), Clause 44.3 or Clause 45 (*Breach of the IRR Sharing and Cap Provisions*) then the Authority shall pay compensation to Sub-hubco in accordance with Section 4 (*Corrupt Gifts and Fraud, Breach of Refinancing and Breach of IRR Sharing and Cap Provisions*) of Schedule Part 17 (*Compensation on Termination*).

Tax equalisation

- 46.6 Where a payment is to be made to Sub-hubco pursuant to Clause 46.1, Clause 46.3, Clause 46.4 or Clause 46.5 (a "**Compensation Payment**") and Sub-hubco has a Relevant Tax Liability in respect of such payment, then the amount of the Compensation Payment to be made by the Authority to Sub-hubco shall be increased so as to ensure that Sub-hubco is in the same position (after account is taken of the Relevant Tax Liability) as it would have been in had it not been for such Relevant Tax Liability.
- 46.7 For the purposes of this Clause 46 (*Compensation on Termination*):
- 46.7.1 "**Relief**" shall mean any relief, allowance or deduction in computing profits or tax or a credit against, or right to repayment of, tax granted by or pursuant to any legislation for tax purposes;
- 46.7.2 a "**Relief derived from the Project**" is a Relief which arises in connection with the Project and includes any Relief arising as a consequence of the distribution of any amount obtained in respect of the Project (other than a Compensation Payment) by Sub-hubco (whether by way of interest, dividend or other distribution, repayment, reduction or redemption of capital or indebtedness or return of assets or otherwise); and
- 46.7.3 Sub-hubco shall be regarded as having a "**Relevant Tax Liability**" in respect of a Compensation Payment to the extent that:
- (a) it has a liability for tax in consequence of or in respect of a Compensation Payment ("**Actual Liability**"); or
- (b) it would have had a liability for tax within paragraph (a) above but for the utilisation of a Relief other than a Relief derived from the Project ("**Deemed Liability**").
- 46.8 In determining whether Sub-hubco has a Relevant Tax Liability by reason of a Compensation Payment, it should be assumed that any Reliefs derived from the

Project which are available to Sub-hubco (or would have been so available but for a surrender by Sub-hubco of such Reliefs by way of group or consortium relief) for offset against the Compensation Payment, or against tax in relation to the same, have been so offset to the maximum extent possible.

46.9 Sub-hubco shall keep the Authority fully informed of all negotiations with the HM Revenue and Customs in relation to any Relevant Tax Liability in respect of a Compensation Payment. Sub-hubco shall not agree, accept or compromise any claim, issue or dispute relating to such Relevant Tax Liability without the prior written consent of the Authority, which shall not be unreasonably withheld or delayed. The Authority may, if it considers in good faith that such action is justified having regard to the likely costs and benefits, direct Sub-hubco to resist, appeal, defend or otherwise dispute the Relevant Tax Liability in respect of the Compensation Payment, provided that the cost of any such dispute (including any interest or penalties incurred) shall be at the Authority's expense. However, if Sub-hubco obtains professional advice from an independent person with relevant expertise that any resistance, appeal, defence or other mode of dispute is not likely to result in any more beneficial position in relation to the Relevant Tax Liability, Sub-hubco shall be entitled not to continue with such resistance, appeal, defence or other mode of dispute. Where any resistance, appeal, defence or other mode of dispute results in a more beneficial position in relation to the Relevant Tax Liability, an adjustment will be made to the amount payable under Clause 46.6 to reflect such outcome.

46.10 Any increase in the amount of a Compensation Payment which is payable under Clause 46.6 shall be paid on the later of five (5) Business Days after a demand therefore (together with evidence in sufficient detail for the Authority to satisfy itself of the Relevant Tax Liability and its calculation) is made by Sub-hubco and:

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

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

46.11 The Authority shall have the right to pay the amount payable under Clause 46.6 direct to HM Revenue and Customs in satisfaction of the relevant tax due by Sub-hubco.

Rights of Set-Off

46.12 To avoid doubt, the Authority's obligations to make any payment of compensation to Sub-hubco pursuant to this Clause are subject to the Authority's rights under Clause 34.6, save that the Authority agrees not to set-off any amount agreed or determined as due and payable by Sub-hubco to the Authority against any payment of termination compensation (whether payable as a lump sum or in instalments) under Clauses 46.1, 46.3, 46.4, or 46.5 except to the extent that such termination payment exceeds the Base Senior Debt Termination Amount or the Revised Senior Debt Termination Amount (as the case may be) at that time.

Full and final settlement

46.13 Subject to the provisions of paragraph 2.1 of Section 5 (*General*) of Schedule Part 17 (*Compensation on Termination*):

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

46.13.2 the compensation payable (if any) pursuant to this Clause 46 (*Compensation on Termination*) above shall be the sole remedy of Sub-hubco and Sub-hubco shall not have any other right or remedy in respect of such termination.

47 CONSEQUENCES OF TERMINATION

Continued performance

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

Transfer to Authority of Assets, Contracts etc.

47.2 On the service of a notice of termination in accordance with this Agreement for any reason:

47.2.1 if prior to the final Phase Actual Completion Date, in so far as any transfer shall be necessary fully and effectively to transfer property to the Authority, Sub-hubco shall transfer to, and there shall vest in, the Authority, such part of the Works and/or the Facilities as shall have been constructed and such items of the Plant and Equipment as shall have been procured by Sub-hubco if the Authority so elects:

47.2.2 all goods and all materials on or near to the Site not yet incorporated in the Works shall remain available to the Authority for the purposes of completing the Works and if the cost of such goods and materials has not been reflected in the payment of any compensation pursuant to Schedule Part 17 (*Compensation on Termination*), subject to the payment by the Authority (determined as between a willing vendor and willing purchaser with any disputes determined pursuant to Clause 56 (*Dispute Resolution Procedure*));

47.2.3 the construction plant shall remain available to the Authority for the purposes of completing the Works, subject to payment of the Contractor's reasonable charges;

47.2.4 Sub-hubco shall hand over to, and there shall vest in, the Authority, free from any Encumbrances (other than any created on or by or against the Authority), the Facilities (which in the case of the termination of this Agreement in accordance with Clause 43 (*Expiry*) shall be in the state required in accordance with Schedule Part 18 (*Handback Procedure*));

47.2.5 if the Authority so elects, Sub-hubco shall procure that any of the Construction Contract, the Service Contracts and/or the Independent Tester Contract shall be novated or assigned to the Authority, provided that where termination occurs under Clause 39 (*Authority Events of Default*) the consent of the Contractor, the Service Provider or the Independent Tester (as the case may be) shall be required;

- 47.2.6 Sub-hubco shall, or shall procure that any Contracting Associate shall (as the case may be), offer to sell to the Authority at a fair value (determined as between a willing vendor and willing purchaser, with any disputes as to such fair value being determined pursuant to Schedule Part 20 (*Dispute Resolution Procedure*), free from any Encumbrance all or any part of the stocks of material and other assets, road vehicles, spare parts and other moveable property owned by Sub-hubco or any of its Contracting Associates and reasonably required by the Authority in connection with the operation of the Facilities or the provision of the Services;
- 47.2.7 Sub-hubco shall deliver to the Authority (as far as not already delivered to the Authority) one complete set of:
- (a) "as built drawings" showing all alterations made to the Facilities since the commencement of operation of the Facilities; and
 - (b) maintenance, operation and training manuals for the Facilities;
- 47.2.8 Sub-hubco shall use all reasonable endeavours to procure that the benefit of all manufacturer's warranties in respect of mechanical and electrical plant and equipment used or made available by Sub-hubco under this Agreement and included in the Facilities are assigned, or otherwise transferred, to the Authority with full title guarantee; and
- 47.2.9 Sub-hubco shall deliver to the Authority the records referred to in Clause 38 (*Records and Open Book Accounting*) except where such documents are required by Law to be retained by Sub-hubco or its Contracting Associates (in which case complete copies shall be delivered to the Authority).
- 47.3 Sub-hubco shall ensure that provision is made in all contracts of any description whatsoever to ensure that the Authority will be in a position to exercise its rights, and Sub-hubco will be in a position to comply with its obligations, under Clause 47.2.

Transitional arrangements

- 47.4 On the termination of this Agreement for any reason, for a reasonable period both before and after any such termination, Sub-hubco shall have the following duties:
- 47.4.1 Sub-hubco shall co-operate fully with the Authority and any successor providing to the Authority services in the nature of any of the Services or any part of the Services, in order to achieve a smooth transfer of the manner in which the Authority obtains such services and to avoid or mitigate in so far as reasonably practicable any inconvenience or any risk to the health and safety of the employees of the Authority and members of the public;
 - 47.4.2 Sub-hubco shall as soon as practicable remove from the Site all property not acquired by the Authority pursuant to Clause 47.2 (or not belonging to the Authority or any Authority Party) and if it has not done so within forty (40) Business Days after any notice from the Authority requiring it to do so the Authority may (without being responsible for any loss, damage, costs or expenses) remove and sell any such property and shall hold any proceeds less all costs incurred to the credit of Sub-hubco;
 - 47.4.3 Sub-hubco shall forthwith deliver to the Authority's Representative:

- (a) any security passwords, access codes and other keys to the Facilities and the equipment; and
- (b) without prejudice to Clause 55 (*Intellectual Property*), any copyright licences for any computer programmes (or licences to use the same) necessary for the operation of the Facilities (but excluding computer programmes, which have been developed or acquired by a Service Provider for its own use and not solely for the purposes of provision of any of the Services at the Facilities or the assignation or transfer of which is otherwise restricted); and

47.4.4 Sub-hubco shall as soon as practicable vacate the Site and (without prejudice to Schedule Part 18 (*Handback Procedure*)) shall leave the Site and the Facilities in a safe, clean and orderly condition.

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

47.5.1 providing any information which the Authority may reasonably require to conduct such competition but, to avoid doubt, information which is commercially sensitive to Sub-hubco shall not be provided (and, for the purpose of this Clause 47.5.1 commercially sensitive shall mean information which would if disclosed to a competitor of Sub-hubco give that competitor a competitive advantage over Sub-hubco and thereby prejudice the business of Sub-hubco but shall, to avoid doubt, exclude any information to be disclosed in terms of Clause 25 (*TUPE and Employment matters*)); and

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

Continuing Obligations

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

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

47.6.2 termination of this Agreement shall not affect the continuing rights and obligations of Sub-hubco and the Authority under Clauses 10 (*The Site*), 25 (*TUPE and Employment Matters*), 31 (*Force Majeure*), 34 (*Payment*), 35 (*Taxation*), 36 (*IRR Sharing and Cap*), 37 (*Custody of Financial Model*), 38 (*Records and Reports*), 41 (*Termination Resulting from Force Majeure*), 42 (*Authority Voluntary Termination*), 44 (*Corrupt Gifts and Payments*), 46 (*Compensation on Termination*), 47.2, 47.4 and 47.5 (*Transitional Arrangements*), 49 (*Indemnities and Liability*), 53 (*Insurance*), 54 (*Exclusions and Limits on Liability*), 55 (*Intellectual Property*), 56 (*Dispute Resolution Procedure*), 59 (*Mitigation*), 61 (*Confidentiality*), 64 (*Notices*) and Clause 73 (*Governing Law and Jurisdiction*) or under any other provision of this Agreement which is expressed to survive termination or which is required to give effect to such termination or the consequences of such termination.

48 **HANDBACK PROCEDURE**

The provisions of Schedule Part 18 (*Handback Procedure*) shall apply to the handback of the Facilities to the Authority on expiry of this Agreement.

PART 11: INDEMNITIES, WARRANTIES & INSURANCE

49 INDEMNITIES

Sub-hubco indemnities to Authority

- 49.1 Sub-hubco shall indemnify and keep the Authority indemnified at all times from and against all Direct Losses sustained by the Authority in consequence of:
- 49.1.1 any claim for, or in respect of, the death and/or personal injury of any employee of, or person engaged by, Sub-hubco or any Sub-hubco Party notwithstanding any act or omission of the Authority or any Authority Party;
 - 49.1.2 any claim for, or in respect of, the death and/or personal injury of any third party (other than a person referred to in Clause 49.2.1) arising out of, or in the course of, the Project Operations, save to the extent caused (or contributed to) by any Unreasonable Act by the Authority or any Authority Party, breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate or negligent act or omission of the Authority or any Authority Party;
 - 49.1.3 any physical loss of or damage to Authority Assets arising by reason of any act or omission of Sub-hubco or any Sub-hubco Party, save to the extent that such loss or damage arises out of the breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate or negligent act or omission of the Authority or any Authority Party; and
 - 49.1.4 any loss of or damage to property or assets of any third party arising by reason of any act or omission of Sub-hubco or any Sub-hubco Party, save to the extent that such loss or damage arises out of the breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate or negligent act or omission of the Authority or any Authority Party.

Authority indemnities to Sub-hubco

- 49.2 The Authority shall indemnify and keep Sub-hubco indemnified at all times from and against all Direct Losses sustained by Sub-hubco in consequence of:
- 49.2.1 any claim for, or in respect of, the death and/or personal injury of any employee of, or person engaged by, the Authority or any Authority Party notwithstanding any act or omission of Sub-hubco or any Sub-hubco Party;
 - 49.2.2 any claim for, or in respect of, the death and/or personal injury of any third party (other than a person referred to in Clause 49.1.1) arising by reason of any act or omission of the Authority or any Authority Party in the course of provision of the Community Services, any Unreasonable Act by the Authority or any Authority Party, breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate act or omission of the Authority or any Authority Party, save to the extent caused (or contributed to) by any act or omission of Sub-hubco or any Sub-hubco Party;
 - 49.2.3 any physical damage to any part of the Facilities or any assets or other property of Sub-hubco or any Sub-hubco Party arising by reason of any breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate act or omission of the Authority or

any Authority Party, save to the extent caused (or contributed to) by any act or omission of Sub-hubco or any Sub-hubco Party; and

- 49.2.4 any loss of or damage to property or assets of any third party arising by reason of any breach of any express provision of this Agreement by the Authority or any Authority Party or any deliberate act or omission of the Authority or any Authority Party, save to the extent caused (or contributed to) by any act or omission of Sub-hubco or any Sub-hubco Party;

provided that in the case of Clauses 49.2.3 and 49.2.4 there shall be excluded from the indemnity given by the Authority any liability:-

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

Conduct of claims

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

49.3.1 if the Beneficiary receives any notice, demand, letter or other document concerning any claim for which it appears that the Beneficiary is, or may become, entitled to indemnification under this Agreement, the Beneficiary shall give notice in writing to the Indemnifier as soon as reasonably practicable and in any event within twenty (20) Business Days of receipt of the same;

49.3.2 subject to Clauses 49.3.3, 49.3.4 and 49.3.5 below, on the giving of a notice by the Beneficiary pursuant to Clause 49.3.1 above, where it appears that the Beneficiary is or may be entitled to indemnification from the Indemnifier in respect of all (but not part only) of the liability arising out of the claim, the Indemnifier shall (subject to providing the Beneficiary with an indemnity to its reasonable satisfaction against all costs and expenses that it may incur by reason of such action) be entitled to dispute the claim in the name of the Beneficiary at the Indemnifier's own expense and take conduct of any defence, dispute, compromise, or appeal of the claim and of any incidental negotiations. The Beneficiary shall give the Indemnifier all reasonable co operation, access and assistance for the purposes of considering and resisting such claim;

49.3.3 with respect to any claim conducted by the Indemnifier pursuant to Clause 49.3.2 above:

- (a) the Indemnifier shall keep the Beneficiary fully informed and consult with it about material elements of the conduct of the claim;

- (b) the Indemnifier shall not bring the name of the Beneficiary into disrepute; and
 - (c) the Indemnifier shall not pay or settle such claims without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed;
- 49.3.4 the Beneficiary shall be free to pay or settle any claim on such terms as it thinks fit and without prejudice to its rights and remedies under this Agreement if:
 - (a) the Indemnifier is not entitled to take conduct of the claim in accordance with Clause 49.3.2 above; or
 - (b) the Indemnifier fails to notify the Beneficiary of its intention to take conduct of the relevant claim within twenty (20) Business Days of the notice from the Beneficiary under Clause 49.3.1 above or notifies the Beneficiary that it does not intend to take conduct of the claim; or
 - (c) the Indemnifier fails to comply in any material respect with the provisions of Clause 49.3.3 above;
- 49.3.5 the Beneficiary shall be free at any time to give notice to the Indemnifier that it is retaining or taking over (as the case may be) the conduct of any defence, dispute, compromise or appeal of any claim (or of any incidental negotiations) to which Clause 49.3.2 above applies. On receipt of such notice the Indemnifier shall promptly take all steps necessary to transfer the conduct of such claim to the Beneficiary, and shall provide to the Beneficiary all reasonable co operation, access and assistance for the purposes of considering and resisting such claim. If the Beneficiary gives any notice pursuant to this Clause 49.3.5, then the Indemnifier shall be released from any liability under its indemnity under Clause 49.1 (Sub-hubco Indemnities to Authority) or Clause 49.2 (*Authority Indemnities to Sub-hubco*) (as the case may be) and, without prejudice to any accrued liabilities, any liability under its indemnity given pursuant to Clause 49.3.2 in respect of such claim;
- 49.3.6 if the Indemnifier pays to the Beneficiary an amount in respect of an indemnity and the Beneficiary subsequently recovers (whether by payment, discount, credit, saving, relief or other benefit or otherwise) a sum which is directly referable to the fact, matter, event or circumstances giving rise to the claim under the indemnity, the Beneficiary shall forthwith repay to the Indemnifier whichever is the lesser of:
 - (a) an amount equal to the sum recovered (or the value of the saving or benefit obtained) less any out of pocket costs and expenses properly incurred by the Beneficiary in recovering the same; and
 - (b) the amount paid to the Beneficiary by the Indemnifier in respect of the claim under the relevant indemnity,
- 49.3.7 provided that there shall be no obligation on the Beneficiary to pursue such recovery and that the Indemnifier is repaid only to the extent that the amount of such recovery aggregated with any sum recovered from the Indemnifier exceeds any loss sustained by the Beneficiary (including for this purpose indirect or consequential losses or claims for loss of profits which are excluded by this Agreement from being recovered from the Indemnifier); and

49.3.8 any person taking any of the steps contemplated by Clauses 49.3.1 to 49.3.5 shall comply with the requirements of any insurer who may have an obligation to provide an indemnity in respect of any liability arising under this Agreement.

Mitigation – indemnity claims

49.4 To avoid doubt the provisions of Clause 59 (*Mitigation*) apply to any indemnity given under this Agreement and any such indemnity shall not apply to the extent that such part or parts of Direct Losses could have been reduced or avoided by the Beneficiary complying with the provisions of such Clause 59 (*Mitigation*).

49A MALICIOUS DAMAGE

49A.1 Remit of Clause

This Clause 49A specifies the respective obligations of the parties in relation to malicious damage to the Facilities during the Operational Term.

49A.2 Notification

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

49A.2.2 Provided Sub-hubco has complied with the requirements of Clause 49A.2.1, unless within two (2) hours of receipt of a Malicious Damage Report or within two (2) hours of the start of the next Core Times where the Malicious Damage Report is made outside Core Times, or, if applicable, within one (1) Business Day of receipt of the evidence or record of the alleged malicious damage concerned the Authority's Representative notifies Sub-hubco that he agrees that the Service Event referred to in the relevant Malicious Damage Report was caused by malicious damage by a person other than a Sub-hubco Party, the Authority's Representative will be deemed to have disagreed that the Service Event concerned was caused by malicious damage by a person other than a Sub-hubco Party.

49A.3 Rectification of Malicious Damage

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

49A.3.2 If the Authority's Representative agrees in accordance with Clause 49A.2 that a Service Event was caused by malicious damage by a person other than a Sub-hubco Party, except when Clause 49A.3.3 applies, Sub-hubco shall not Rectify the Service Event beyond what is required by Clause 49A.3.1 unless instructed by the Authority to do so as an Authority Change under Schedule Part 16 (*Change Protocol*).

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

49A.3.4 If the Authority's Representative does not agree accordance with Clause 49A.2 that the Service Event referred to in a Malicious Damage Report was caused by malicious damage by a person other than a Sub-hubco Party, Sub-hubco shall be entitled to proceed with Rectification in accordance with its obligations under this Agreement.

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

Sub-hubco will be entitled to include all reasonable costs incurred with any Service Provider or third party:

49A.4.1 to make the Facilities safe pursuant to Clause 49A.3.1 if it is agreed by the Authority or subsequently determined under the Dispute Resolution Procedure that the Service Event was caused by malicious damage by a person other than a Sub-hubco Party; or

49A.4.2 to carry out Rectification pursuant to Clause 49A.3.3; or

49A.4.3 to carry out Rectification pursuant to Clause 49A.3.4 if it is subsequently determined under the Dispute Resolution Procedure that the Service Event was caused by malicious damage by a person other than a Sub-hubco Party,

in a Monthly Invoice in accordance with Clause 34.2.1(c). In deciding what a reasonable cost is, regard may be had to prices and rates in the Catalogue (as defined in Schedule Part 16 (*Change Protocol*)).

49A.5 **Sub-hubco to Provide Information**

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

49A.6 **Disputes**

Any dispute under this Clause 49A shall be determined under the Dispute Resolution Procedure.

50 **TAX ON INDEMNITY PAYMENTS**

If any payment by one party under an indemnity in this Agreement is subject to income tax or corporation tax (or any tax replacing them) in the hands of the recipient, the recipient may demand in writing to the party making the payment that the payment shall be increased by such amount as would ensure that, after taking into account any such tax payable in respect of such additional amount, the recipient receives and retains a net sum equal to the amount

it would have otherwise received had the payment not been subject to such tax. In relation to any such additional amount payable to Sub-hubco, Sub-hubco and the Authority shall have the same rights and obligations as would apply to a Relevant Tax Liability under Clause 46.7.3 and Clauses 46.6 to 46.11 (inclusive) shall apply mutatis mutandis to the payment of the additional amount. The party making the payment shall pay such additional amount within ten (10) Business Days of receipt of such demand.

51 **EXCUSING CAUSES**

51.1 If an Excusing Cause interferes adversely with, or causes or contributes to a failure of, the performance of the Project Operations by Sub-hubco and/or causes or contributes to the occurrence of an Availability Failure and/or a Performance Failure and provided that the effect of such Excusing Cause is claimed within ten (10) Business Days of the date on which Sub-hubco became aware (or ought reasonably to have become so aware) of the occurrence of the Excusing Cause, then (subject to Clauses 51.3 (*Insured Exposure*) and 51.4) to the extent such failure or interference or occurrence of an Availability Failure and/or a Performance Failure arises as a result of such Excusing Cause:

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

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

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

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

51.2 For the purpose of Clause 51 (*Excusing Causes*), an Excusing Cause means:

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

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

(a) caused or contributed to by Sub-hubco or any Sub-hubco Party;

(b) the Authority or Authority Party is acting in accordance with a recommendation or instruction of Sub-hubco or any Sub-hubco Party;

- (c) any such act or omission giving rise to such failure was within the contemplation of the parties or was otherwise provided for in this Agreement;
- (d) the consequences of any such deliberate act or omission or other acts or omissions giving rise to such failure would have been prevented by the proper performance of Sub-hubco's obligations under this Agreement; or
- (e) the same arises from an act of the Authority or an Authority Party compliant with the Contractor's Site Rules and other requirements of the Contractor as referred to in Clauses 13.1 (*Access to Site*) or 17.9;

51.2.3 not used;

51.2.4 the implementation of any action taken by the Authority or any Authority Party, or any suspension of Sub-hubco's obligation to deliver any or any part of the Services or the compliance by Sub-hubco with instructions given by the Authority, in each case in the circumstances referred to in Clauses 24.6 to 24.9 (inclusive);

51.2.5 the carrying out of any Low Value Change in accordance with the terms of this Agreement during the period of time agreed between the Authority and Sub-hubco; or

51.2.6 the carrying out of planned preventative maintenance in accordance with the Schedule of Programmed Maintenance;

51.2.7 the occurrence of a Service Event that the Authority's Representative has agreed pursuant to Clause 49A.3.2, or that has been determined pursuant to the Dispute Resolution Procedure, has been caused by malicious damaged by a person other than a Sub-hubco Party, but only until such time as either (i) the Authority has instructed Sub-hubco to Rectify the Service Event as an Authority Change and the time period for implementation of such Authority Change has expired or (ii) Sub-hubco has Rectified the Service Event pursuant to Clause 49A.3.3; or

51.2.8 the occurrence of a matter referred to in Clause 10.4 during the relevant Operational Term.

Insured exposure

51.3 Without prejudice to Clause 53 (*Insurance*), Sub-hubco shall not be entitled to any payment which would not have been due under this Agreement but for Clause 51 (*Excusing Causes*) to the extent that Sub-hubco is or should be able to recover under any policy of insurance required to be maintained by Sub-hubco or any Sub-hubco Party in accordance with this Agreement (whether or not such insurance has in fact been effected or, if effected, has been vitiated as a result of any act or omission of Sub-hubco (or any Sub-hubco Party), including but not limited to non disclosure or under insurance) or any other policy of insurance which Sub-hubco has taken out and maintained.

Mitigation of Excusing Cause

51.4 Sub-hubco shall take all reasonable steps to mitigate the consequences of an Excusing Cause on Sub-hubco's ability to perform its obligations under this Agreement. To the extent that Sub-hubco does not take such steps, Sub-hubco shall not be entitled to, and shall not receive, the relief specified in Clause 51.1

51.5 To avoid doubt, Clause 51.2.2 shall not impose a general obligation on the Authority to take (or to procure that any Authority Party takes) such steps and shall apply (and be construed) solely for the purpose of establishing whether an Excusing Cause has occurred.

52 **NOT USED**

53 **INSURANCE**

Sub-hubco Insurances

53.1 Sub-hubco shall procure that the insurances, details of which are set out in Section 1 (*Policies to be taken out by Sub-hubco and maintained during the Design and Construction Phase*) of Schedule Part 15 (*Insurance Requirements*), are taken out prior to the commencement of the Works and are maintained for the periods specified in Section 1 (*Policies to be taken out by Sub-hubco and maintained during the Design and Construction Phase*) of Schedule Part 15 (*Insurance Requirements*).

53.2 Sub-hubco shall procure that the insurances, details of which are set out in Section 2 (*Policies to be taken out by Sub-hubco and maintained from the Phase 1 Actual Completion Date*) of Schedule Part 15 (*Insurance Requirements*), are taken out from the Phase 1 Actual Completion Date and are maintained for the periods specified in Section 2 (*Policies to be taken out by Sub-hubco and maintained from the Phase 1 Actual Completion Date*) of Schedule Part 15 (*Insurance Requirements*).

53.3 Without prejudice to the other provisions of this Clause 53 (*Insurance*), Sub-hubco shall, at all relevant times, effect and maintain in full force those insurances which it is required to effect by any applicable Law.

53.4 All Insurances referred to in Clauses 53.1 and 53.2 shall:

53.4.1 be maintained in the names of the parties specified in Schedule Part 15 (*Insurance Requirements*) and shall be composite policies of insurance (and not joint) unless stated otherwise in Schedule Part 15 (*Insurance Requirements*);

53.4.2 be placed with insurers who are acceptable to the Authority (such acceptance not to be unreasonably withheld or delayed);

53.4.3 in so far as they relate to damage to assets (including the Facilities), cover the same for the full reinstatement value;

53.4.4 comply with the relevant provisions of Section 1 (*Policies to be taken out by Sub-hubco and maintained during the Design and Construction Phase*) and Section 2 (*Policies to be taken out by Sub-hubco and maintained from the Phase 1 Actual Completion Date*) of Schedule Part 15 (*Insurance Requirements*).

53.4.5 provide for 30 days prior written notice of their cancellation, non-renewal or amendment to be given to the Authority in accordance with Endorsement 1 in Section 3 (*Endorsements*) of Schedule Part 15 (*Insurance Requirements*);

53.4.6 in respect of the Physical Damage Policies provide for payment of any proceeds received by Sub-hubco to be applied in accordance with Clause 53.22 (*Reinstatement*);

53.4.7 in the case of the Operational Insurances only, be taken out and maintained in accordance with Section 4 of Schedule Part 15 (*Insurance Requirements*).

53.4.8 the limit of indemnity and the maximum deductibles for each of the Insurance set out in Section 2 (Policies to be taken out by Sub-hubco and maintained from the Phase 1 Actual Completion Date) of Schedule Part 15 (*Insurance Requirements*) shall where specified be escalated, provided such limits of indemnity and maximum deductibles shall only be increased on each renewal date such that the limit that is escalated becomes equal to or exceeds the next whole insurable amount or deductible (as the case may be) available in the insurance market.

53.5 Sub-hubco shall ensure that its brokers give the Authority a letter of undertaking substantially in the form set out in Section 5 (*Broker's Letter of Undertaking*) of Schedule Part 15 (*Insurance Requirements*) at Financial Close and subsequently on the renewal of each of the Insurances.

Subrogation and Vitiation

53.6 Sub-hubco shall in respect of the insurances referred to in Clauses 53.1 and 53.2:

53.6.1 procure that all policies of insurance to be effected by it pursuant to this Clause shall contain a provision to the effect that the insurers have agreed to waive all rights of subrogation against the Authority (and all Authority Parties other than contractors and sub-contractors) in accordance with Endorsement 2 in Section 3 (*Endorsements*) of Schedule Part 15 (*Insurance Requirements*); and

53.6.2 provide for non-vitiating protection in respect of any claim made by the Authority as co-insured in accordance with Endorsement 2 in Section 3 (*Endorsements*) of Schedule Part 15 (*Insurance Requirements*);

provided that, to avoid doubt, this Clause 53.6 shall not by itself prevent Sub-hubco from claiming against the Authority (or any Authority Party) under an express provision of this Agreement for any loss or damage not covered because of the level of deductibles under such insurance permitted by this Agreement or to the extent such loss or damage exceeds the maximum of such insurance required by this Agreement.

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

Evidence of Sub-hubco Insurance

53.8 Not less than twenty (20) Business Days prior to the amendment or expiry of any relevant insurance policy (other than the expiry of any of the Operational Insurances in respect of which Sub-hubco must comply with the provisions of Section 4 of Schedule Part 15 (*Insurance Requirements*)), Sub-hubco shall submit to the Authority a request for approval from the Authority of the insurer and the principal terms and conditions of such insurance policy (and any revision to such terms and conditions or change in identity of such insurer), such approval not to be unreasonably withheld or delayed.

53.9 Sub-hubco shall provide to the Authority:

- 53.9.1 copies on request of all insurance policies referred to in Clauses 53.1 to 53.3 (together with any other information reasonably requested by the Authority relating to such insurance policies) and the Authority shall be entitled to inspect them during ordinary business hours; and
- 53.9.2 evidence that the premiums payable under all insurance policies have been paid and that the Insurances are in full force and effect in accordance with the requirements of this Clause 53 (*Insurance*) and Schedule Part 15 (*Insurance Requirements*).
- 53.10 Renewal certificates or other such evidence of renewal in relation to the Insurances shall be obtained as and when necessary and copies (certified in a manner acceptable to the Authority) shall be forwarded to the Authority as soon as possible but in any event within twenty (20) Business Days of the renewal date.
- 53.11 If Sub-hubco defaults in insuring or continuing to maintain the Insurances, the Authority may insure against any risk in respect of which such default has occurred and recover any premiums from Sub-hubco as a debt provided that if the default occurs during the Operational Term the amount recoverable from the Sub-hubco shall be the difference between the premiums had Sub-hubco continued to maintain the Insurances and the premiums paid by the Authority to take out and maintain the Insurances.

Acceptance and compliance

- 53.12 The supply to the Authority of any draft insurance policy or certificate of insurance or other evidence of compliance with this Clause 53 (*Insurance*) shall not imply acceptance by the Authority (or the Authority's Representative) that:
- 53.12.1 the extent of insurance cover is sufficient and its terms are satisfactory; or
- 53.12.2 in respect of any risks not insured against, that the same were Uninsurable.
- 53.13 Neither failure to comply nor full compliance with the insurance provisions of this Agreement shall relieve Sub-hubco of its liabilities and obligations under this Agreement.

Uninsurable Risks

- 53.14.1 If a risk usually covered by contractors' 'all risks' insurance, property damage insurance, third party liability insurance, delay in start up and business interruption insurance (but not loss of profits) or statutory insurances in each case required under this Agreement becomes Uninsurable then:
- (a) Sub-hubco shall notify the Authority of any risk becoming Uninsurable within five (5) Business Days of becoming aware of the same and in any event at least five (5) Business Days before expiry or cancellation of any existing insurance in respect of that risk; and
- (b) if both parties agree, or it is determined in accordance with the Dispute Resolution Procedure that the risk is Uninsurable and that:
- (i) the risk being Uninsurable is not caused by the actions of Sub-hubco or any sub-contractor of Sub-hubco (of any tier); and

- (ii) Sub-hubco has demonstrated to the Authority that Sub-hubco and a prudent board of directors of a company operating the same or substantially similar businesses in the United Kingdom to that operated by Sub-hubco would in similar circumstances (in the absence of the type of relief envisaged by this Clause) be acting reasonably and in the best interests of the company if they resolved to cease to operate such businesses as a result of that risk becoming Uninsurable, taking into account inter alia (and without limitation) the likelihood of the Uninsurable risk occurring (if it has not already occurred), the financial consequences for such company if such Uninsurable risk did occur (or has occurred) and other mitigants against such consequences which may be available to such company,

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

53.14.2 If the requirements of Clause 53.14.1 are satisfied, but the parties cannot agree as to how to manage or share the risk, then:

- (a) where such requirements are satisfied in respect of such third party liability insurance the Authority shall (at the Authority's option) either pay to Sub-hubco an amount equal to the amount calculated in accordance with Section 3 (*Consequences of Termination for Force Majeure*) of Schedule Part 17 (*Compensation on Termination*) and this Agreement will terminate, or elect to allow this Agreement to continue and Clause 53.14.2(b) below shall thereafter apply in respect of such risk; and
- (b) where such requirements are satisfied in respect of contractors' 'all risks' insurance, property damage insurance, third party liability insurance (if the Authority elects to allow this Agreement to continue in accordance with Clause 53.14.2(a)), delay in start up and business interruption insurance (but not loss of profits) or statutory insurances this Agreement shall continue and on the occurrence of the risk (but only for as long as such risk remains Uninsurable) the Authority shall (at the Authority's option) either pay to Sub-hubco an amount equal to insurance proceeds that would have been payable had the relevant insurance continued to be available and this Agreement will continue, or an amount equal to the amount calculated in accordance with Section 3 (*Consequences of Termination for Force Majeure*) of Schedule Part 17 (*Compensation on Termination*) plus (in relation to third party liability insurance only) the amount of insurance proceeds that would have been payable whereupon this Agreement will terminate; and
- (c) where pursuant to Clauses 53.14.2(a) and/or 53.14.2(b) this Agreement continues then the Annual Service Payment shall be reduced in each year for which the relevant insurance is not maintained by an amount equal to the premium paid (or which would have been paid) by Sub-hubco in respect of the relevant risk in the year prior to it becoming Uninsurable (index linked

from the date that the risk becomes Uninsurable) save to the extent that such reduction is otherwise reflected in a reduction in the payments claimed by Sub-hubco pursuant to paragraph 3.1 of Section 6 (*Pass Through Costs*) of Schedule Part 14 (*Payment Mechanism*). Where the risk is Uninsurable for part of a year only the reduction in the Annual Service Payment shall be pro rated to the number of months for which the risk is Uninsurable.

- (d) where pursuant to Clauses 53.14.2(a) and/or 53.14.2(b) this Agreement continues Sub-hubco shall approach the insurance market at least every four months to establish whether the risk remains Uninsurable. As soon as Sub-hubco is aware (and the parties agree or it is determined pursuant to the Dispute Resolution Procedure) that the risk is no longer Uninsurable, Sub-hubco shall take out and maintain or procure the taking out and maintenance of insurance (to be incepted as soon as is reasonably practicable) for such risk in accordance with this Agreement;
- (e) in respect of any period between the Authority receiving notification in accordance with Clause 53.14.1(a) that a TPL Risk has become Uninsurable and the Authority's notification to the Sub-hubco in accordance with Clause 53.14.2(a) in respect of such risk then, provided it is ultimately agreed or determined that the requirements of Clause 53.14.1(b) are satisfied in respect of the Uninsurable TPL Risk and subject to Clause 53.14.2(f) below, Clause 53.14.2(b) shall apply in respect of occurrences of the Uninsurable TPL Risk during such period unless the parties otherwise agree how to manage the risk during this period; and
- (f) Clause 53.14.2(e) shall only apply provided Sub-hubco does not unreasonably materially delay (a) agreement and/or determination in accordance with the Dispute Resolution Procedure as to whether the requirements of Clause 53.14.1(b) are satisfied in respect of the Uninsurable TPL Risk and/or (b) meeting with the Authority to discuss the means by which the risk should be managed.

Where this Clause 53.14.2 applies and this Agreement continues, Sub-hubco shall, subject to Clause 53.14.2(c), be relieved of its obligations to maintain insurance in respect of the relevant Uninsurable Risk.

53.14.3 If, pursuant to Clause 53.14.1(b), the Authority elects to make payment of compensation to Sub-hubco (such that this Agreement will terminate)(the "**Relevant Payment**"), Sub-hubco shall have the option (exercisable in writing within (20) Business Days of the date of such election by the Authority (the "**Option Period**") to pay to the Authority on or before the end of the Option Period, an amount equal to the insurance proceeds that would have been payable had the relevant risk not become Uninsurable, in which case this Agreement will continue (and the Relevant Payment will not be made by the Authority), and Sub-hubco's payment shall be applied for the same purpose and in the same manner as insurance proceeds would have been applied had the relevant risk not become Uninsurable.

53.14.4 During the Operational Term, the Authority shall be entitled to notify Sub-hubco that a risk has become Uninsurable under paragraph (b) of the definition of "Uninsurable". Following such notification, Clauses

53.14.1(b) to 53.14.3 (except Clause 53.14.1(b)(ii)) shall apply as if Sub-hubco has issued a notice under Clause 53.14.1(a).

53.15 Unavailability of terms

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

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

other than, in each case by reason of one or more actions of Sub-hubco and/or any sub-contractor of Sub-hubco (of any tier) then Clause 53.15.2, shall apply.

53.15.2 If it is agreed or determined that Clause 53.15.1 applies then the Authority shall waive Sub-hubco's obligations in Clauses 53.1 to 53.3 and/or Schedule Part 15 (*Insurance Requirements*) in respect of that particular Insurance Term and Sub-hubco shall not be considered in breach of its obligations regarding the maintenance of insurance pursuant to this Agreement regarding the maintenance of insurance incorporating such Insurance Term for so long as the relevant circumstances described in Clause 53.15.1 continue to apply to such Insurance Term.

53.15.3 To the extent that the parties agree (acting reasonably), or it is determined pursuant to the Dispute Resolution Procedure, that an alternative or replacement term and /or condition of insurance is available to Sub-hubco in the worldwide insurance market with reputable insurers of good standing which if included in the relevant insurance policy would fully or partially address Sub-hubco's inability to maintain or procure the maintenance of insurance with the relevant Insurance Term, at a cost which contractors in the UK are (at such time) generally prepared to pay, Sub-hubco shall maintain or procure the maintenance of insurance including such alternative or replacement term and/or condition.

53.15.4 Sub-hubco shall notify the Authority as soon as reasonably practicable and in any event within five (5) days of becoming aware that Clause 53.15.1(a) and/or Clause 53.15.1(b) are likely to apply or (on expiry of the relevant insurance then in place) do apply in respect of an Insurance Term (irrespective of the reason for the same). During the Operational Term the Authority shall be entitled to notify Sub-hubco that Clause 53.15.1(b) is likely to apply or (on expiry of the relevant insurance then in place) does apply in respect of an Insurance Term (irrespective of the reason for the same). Sub-hubco shall provide the Authority with such information as the Authority reasonably requests regarding the unavailability of the Insurance Term and the parties shall meet to discuss the means by which such unavailability should be managed as soon as is reasonably practicable.

53.15.5 In the event that Clause 53.15.1(a) and/or Clause 53.15.1(b) apply in respect of an Insurance Term, (irrespective of the reasons for the same) Sub-hubco shall approach the insurance market at least every four

months to establish whether Clause 53.15.1(a) and/or Clause 53.15.1(b) remain applicable to the Insurance Term. As soon as Sub-hubco is aware and the parties agree or it is determined pursuant to the Dispute Resolution Procedure that Clause 53.15.1(a) and/or Clause 53.15.1(b) has ceased to apply to the Insurance Term, Sub-hubco shall take out and maintain or procure the taking out and maintenance of insurance (to be incepted as soon as is reasonably practicable) incorporating such Insurance Term in accordance with this Agreement.

Risk Management

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

53.16.1 be responsible for dealing with all risk management matters on behalf of its appointing or designating party including (without limitation) ensuring compliance by that party with this Clause 53.16;

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

53.16.3 ensure that any report, or if the full report has not been made available by the insurers, any recommendation or requirement following a survey conducted by any insurer of any relevant procedures in relation to the Project is disclosed to the parties.

53.17 Without prejudice to the provisions of Clause 53.16, the parties shall notify one another, and in Sub-hubco's case the relevant insurer, of any circumstances which may give rise to a claim of a value equal to or in excess of thirty thousand pounds (£30,000) (index linked) under the Insurances within five (5) Business Days of becoming aware of the same (or earlier, if so requested by the terms of the relevant insurance policy). If any insurer disputes any such claim, Sub-hubco shall provide the Authority with full details of any disputed claim and the parties shall liaise with one another to ensure that the relevant claim is preserved or pursued.

Application of Proceeds

53.18 All insurance proceeds received by Sub-hubco under the insurances referred to in paragraph 1 (*Contractor's "All Risk" Insurance*) of Section 1 (*Phase 1 Insurance Requirements*) and paragraph 1 (*Property Damage Insurance*) of Section 2 (*Policies to be taken out by Sub-hubco and Maintained from the Actual Completion Date*) of Schedule Part 15 (*Insurance Requirements*) shall be paid into the Insurance Proceeds Account and shall be applied in accordance with this Agreement and in accordance with the Insurance Proceeds Accounts Agreement.

53.19 Subject to the provisions of the Funders' Direct Agreement and Clause 53.22 (*Reinstatement*), Sub-hubco shall apply any proceeds of any policies of Insurance:

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

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

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

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

53.22 **Reinstatement**

53.22.1 All insurance proceeds received under any Physical Damage Policy shall be applied to repair, reinstate and replace each part or parts of the Facilities in respect of which the proceeds were received.

53.22.2 Where a claim is made or proceeds of insurance are received or are receivable under any Physical Damage Policy in respect of a single event (or a series of related events) (the "**Relevant Incident**") in an amount in excess of one hundred and fifty thousand pounds £(150,000) (index-linked):

(a) Sub-hubco shall deliver as soon as practicable and in any event within 28 days after the making of the claim a plan prepared by Sub-hubco for the carrying out of the works necessary (the "**Reinstatement Works**") to repair, reinstate or replace (the "**Reinstatement Plan**") the assets which are the subject of the relevant claim or claims in accordance with Clause (b)(iv) below. The Reinstatement Plan shall set out:

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

(b) provided that the Authority is satisfied that the Reinstatement Plan will enable Sub-hubco to comply with Clause 53.22.2(b)(iv) below within a reasonable timescale:

- (i) the Reinstatement Plan will be adopted and carried out by Sub-hubco;
- (ii) Sub-hubco shall enter into contractual arrangements to effect the Reinstatement Works with the person identified in the Reinstatement Plan approved by the Authority;
- (iii) prior to the earlier to occur of the Termination Date or the Expiry Date, any amounts standing to the credit of the Insurance Proceeds Account (the "**Relevant Proceeds**") (together with any interest accrued) may

be withdrawn by Sub-hubco from the Insurance Proceeds Account as required to enable it to make payments in accordance with the terms of the contractual arrangements referred to in Clause 53.22.2(b)(ii) above, and to meet any other reasonable costs and expenses of Sub-hubco for the sole purposes of funding the Reinstatement Works and the parties shall operate the signatory requirements of the Insurance Proceeds Account in order to give effect to such payments. Following the earlier to occur of the Termination Date and the Expiry Date, the Authority may withdraw amounts standing to the credit of the Insurance Proceeds Account for the purposes of funding any Reinstatement Works;

- (iv) the Authority agrees and undertakes that, subject to compliance by Sub-hubco with its obligations under this Clause, and provided that Sub-hubco procures that the Reinstatement Works are carried out and completed in accordance with the contractual arrangements referred to in Clause 53.22.2(b)(ii), it shall not exercise any right which it might otherwise have to terminate this Agreement by virtue of the event which gave rise to the claim for the Relevant Proceeds;
- (v) the Authority undertakes to use reasonable endeavours to assist Sub-hubco in the carrying out of the Reinstatement Plan;
- (vi) after the Reinstatement Plan has been implemented to the reasonable satisfaction of the Authority and in accordance with Clause 53.22.3 below the Authority shall permit withdrawal by Sub-hubco of any Relevant Proceeds then held in the Insurance Proceeds Account that have not been paid under Clause 53.22.2(b)(ii) above, in respect of the Relevant Incident, together with any interest accrued; and
- (vii) subject to the provisions of Clause 49.1 (*Sub-hubco Indemnities to Authority*) Sub-hubco shall be solely responsible for the payment of any deficiency.

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

53.22.4 If and to the extent that a breach by Sub-hubco of its obligations under Clause 53.22.2(b) leads to a delay in the completion of the Reinstatement Works, any entitlement that Sub-hubco has to relief under Clause 30 (*Relief Events*) shall be suspended.

54 EXCLUSIONS AND LIMITATIONS ON LIABILITY

Exclusions

- 54.1 The indemnities under this Agreement shall not apply and (without prejudice to the Authority's rights under the Payment Mechanism) there shall be no right to claim damages for breach of this Agreement, in delict or on any other basis whatsoever to the extent that any loss claimed by either party is for loss of profits, loss of use, loss of production, loss of business or loss of business opportunity or is a claim for consequential loss or for indirect loss of any nature ("**Indirect Losses**") suffered or allegedly suffered by either party. The Authority agrees that, notwithstanding the foregoing, any losses of Sub-hubco arising under the Construction Contract and the Service Contracts as originally executed (or as amended in accordance with and subject to Clause 4.1 (*Ancillary Documents*)) which are not Indirect Losses shall not be excluded from such a claim solely by reason of this Clause 54.1.
- 54.2 The Authority shall not be liable in delict to Sub-hubco or any Sub-hubco Party in respect of any negligent act or omission of the Authority or any Authority Party relating to or in connection with this Agreement and Sub-hubco shall procure that no Sub-hubco Party shall bring such a claim against the Authority. Sub-hubco has accepted this on the basis that it and each Sub-hubco Party will cover the risk of negligent acts or omissions by insurance or in such other manner as it (or they) may think fit.

No Double Recovery

54.3 Subject to:

- 54.3.1 any other express right of the Authority pursuant to this Agreement; and
- 54.3.2 the Authority's right to claim, on or after termination of this Agreement, the amount of its reasonable costs, losses, damages and expenses suffered or incurred by it as a result of rectifying or mitigating the effects of any breach of this Agreement by Sub-hubco save to the extent that the same has already been recovered by the Authority pursuant to this Agreement or has been taken into account to reduce any compensation payable by the Authority pursuant to Clause 46 (*Compensation on Termination*),

the sole remedy of the Authority in respect of a failure to provide the Services in accordance with this Agreement shall be the operation of the Payment Mechanism.

- 54.4 Subject to Clause 39 (*Authority Events of Default*) and any other express right of Sub-hubco pursuant to this Agreement, Sub-hubco's sole remedy in respect of any breach of this Agreement which is a Compensation Event shall be pursuant to Clause 29 (*Delay Events*).
- 54.5 Nothing in Clause 54.3 shall prevent or restrict the right of the Authority to seek interdict or a decree of specific implement or other discretionary remedies of the court.
- 54.6 Notwithstanding any other provision of this Agreement, neither party shall be entitled to recover compensation or make a claim under this Agreement or any other agreement in relation to the Project in respect of any loss that it has incurred (or any failure of the other party) to the extent that it has already been compensated in respect of that loss or failure pursuant to this Agreement or otherwise.
- 54.7 Neither party shall have the right to terminate this Agreement for breach of contract save as expressly set out in this Agreement.

PART 12: MISCELLANEOUS

55 INTELLECTUAL PROPERTY

Project Data

- 55.1 Sub-hubco shall make available to the Authority free of charge (and hereby irrevocably licences the Authority to use) all Project Data that might reasonably be required by the Authority and Sub-hubco shall ensure that it can make the Project Data available to the Authority on these terms, for such purposes as the Authority at its sole discretion may require, and in this Clause "use" shall include the acts of copying, modifying, adapting and translating the material in question and/or incorporating them with other materials and the term "the right to use" shall be construed accordingly. Neither Sub-hubco nor any Sub-hubco Party shall be liable to the Authority in respect of use by or on behalf of the Authority of Project Data other than in relation to the Project.

Intellectual Property Rights

- 55.2 Sub-hubco:

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

55.2.2 shall, where any Intellectual Property Rights are or become vested in a third party, use all reasonable endeavours to procure the grant of a like licence to that referred to in Clause 55.2.1 above to the Authority,

in both cases, for such purposes as the Authority may at its sole discretion require.

Sub-hubco shall use all reasonable endeavours to ensure that any Intellectual Property Rights created, brought into existence or acquired during the term of this Agreement vest, and remain vested throughout the term of this Agreement, in Sub-hubco and Sub-hubco shall enter into appropriate agreements with any Sub-hubco Party (or other third parties) that may create or bring into existence, or from which it may acquire, any Intellectual Property Rights.

Maintenance of data

- 55.3 To the extent that any of the data, materials and documents referred to in this Clause are generated by or maintained on a computer or similar system, Sub-hubco shall use all reasonable endeavours to procure for the benefit of the Authority, at no charge or at the lowest reasonable fee, the grant of a licence or sub-licence for any relevant software to enable the Authority or its nominee to access and otherwise use (subject to the payment by the Authority of the relevant fee, if any) such data for such purposes as the Authority may at its sole discretion require. As an alternative, Sub-hubco may provide such data, materials or documents in a format which may be read by software generally available in the market at the relevant time or in hard copy format.

- 55.3A.1 Notwithstanding the provisions of this Clause 55, Sub-hubco shall not be obliged to grant the Authority, either during the Project Term or on termination of this Agreement, any licence to use the Computer Aided Facilities Management Software or any equivalent software which may be used by the Sub-hubco or the Services Provider from time to time in connection with the Project which has been developed specifically for or by Sub-hubco (together the "**CAFM Software**"). For

the avoidance of doubt, this Clause 55.3A does not release Sub-hubco from its general obligation under Clause 55.3 and therefore where data is held on, or otherwise processed by, the CAFM Software, Sub-hubco shall provide such data to the Authority in a format which may be read by software generally available in the market at the relevant time or in hard copy format, whichever the Authority requests.

55.3A.2 Following the Expiry Date or in the event that this Agreement is terminated for whatever reason, Sub-hubco shall, on request by the Authority, provide such data held on, or otherwise processed by, the CAFM Software to the Authority in a format which may be read by software generally available in the market at the relevant time or in hard copy format, whichever the Authority requests.

55.4 Sub-hubco shall ensure the back up and storage in safe custody of the data, materials and documents referred to in Clause 55.3 in accordance with Good Industry Practice. Without prejudice to this obligation, Sub-hubco shall submit to the Authority's Representative for approval its proposals for the back up and storage in safe custody of such data, materials and documents and the Authority shall be entitled to object if the same is not in accordance with Good Industry Practice. Sub-hubco shall comply, and shall cause all Sub-hubco Parties to comply, with all procedures to which the Authority's Representative has given its approval. Sub-hubco may vary its procedures for such back-up and storage subject to submitting its proposals for change to the Authority's Representative, who shall be entitled to object on the basis set out above.

Claims

55.5 Where a claim or proceeding is made or brought against the Authority which arises out of the infringement of any rights in or to any Intellectual Property (other than any Disclosed Data) or because the use of any materials, Plant, machinery or equipment in connection with the Project Operations infringes any rights in or to any Intellectual Property of a third party then, unless such infringement has arisen out of the use of any Intellectual Property by or on behalf of the Authority otherwise than in accordance with the terms of this Agreement, Sub-hubco shall indemnify the Authority at all times from and against all such claims and proceedings and the provisions of Clause 49.3 (*Conduct of Claims*) shall apply.

56 DISPUTE RESOLUTION PROCEDURE

Except where expressly provided otherwise in this Agreement, any dispute arising out of or in connection with this Agreement shall be resolved in accordance with the procedure set out in Schedule Part 20 (*Dispute Resolution Procedure*).

57 ASSIGNATION AND SUB-CONTRACTING

Assigation

57.1 This Agreement and any other agreement in connection with the Project to which both the Authority and Sub-hubco are a party shall be binding on, and shall enure to the benefit of, Sub-hubco and the Authority and their respective statutory successors and permitted transferees and assignees.

57.2 Subject to Clause 57.3, Sub-hubco shall not, without the prior written consent of the Authority, assign, novate, transfer, sub-contract or otherwise dispose of any interest in this Agreement, the Independent Tester Contract, the Construction Contract, the Service Contracts and any other contract entered into by Sub-hubco for the purposes of performing its obligations under this Agreement.

57.3 The provisions of Clause 57.2 do not apply to the grant of any security, in a form approved by the Authority prior to its grant (such approval not to be unreasonably

withheld or delayed), for any loan made to Sub-hubco under the Initial Funding Agreements provided that any assignee shall enter into the Funders' Direct Agreement in relation to the exercise of its rights, if the Authority so requires.

57.4 The Authority shall be entitled to assign, transfer or dispose of the whole of this Agreement and/or of any agreement entered into in connection with this Agreement to which the Authority and Sub-hubco are both party to:

57.4.1 a Minister of the Crown (including for the avoidance of doubt the Scottish Ministers);

57.4.2 a local authority (as defined in the Local Government Etc (Scotland) Act 1994) which has sufficient financial standing or financial resources to perform the obligations of the Authority under this Agreement and any other agreements to which such assignation, transfer or disposal relates;

57.4.3 any other public body whose obligations under this Agreement and any other agreements to which such assignation, transfer or disposal relates are unconditionally and irrevocably guaranteed by the Authority or a Minister of the Crown (including for the avoidance of doubt the Scottish Ministers) having the legal capacity, power and authority to perform the obligations under the guarantee and the obligations of the Authority under this Agreement and any other agreements to which such assignation, transfer or disposal relates to; or

57.4.4 any other Participant which has sufficient financial standing or financial resources to perform the obligations of the Authority under this Agreement and any other agreements to which such assignation, transfer or disposal relates,

without the consent of Sub-hubco.

The prior written consent of Sub-hubco (not to be unreasonably withheld or delayed) shall be required for any other assignation, transfer or disposal by the Authority of the whole or any part of this Agreement or of any agreement entered into in connection with this Agreement to which the Authority and Sub-hubco are both party, provided that nothing in this Clause shall restrict the rights of the Scottish Ministers to effect a statutory transfer.

Sub-contractors

57.5 Sub-hubco shall, without prejudice to Clause 57.1, procure that none of the persons listed below shall sub-contract all (or substantially all) of their obligations under or in the agreement set out next to its name:

Person	Contract
Contractor	Construction Contract
Service Provider	Service Contract

without, in each case, the prior written consent of the Authority (such consent not to be unreasonably withheld or delayed). To avoid doubt, (i) any failure to comply with Clause 57.7 shall be a reasonable ground for withholding consent and (ii) consent shall, without prejudice to the other provisions of Clause 57.5, not be

required in respect of the appointment of any party currently approved by the Authority as a suitable replacement.

- 57.6 If the contract set out next to the name of any person referred to in Clause 57.5 shall at any time lapse, terminate or otherwise cease to be in full force and effect (whether by reason of expiry or otherwise), with the effect that such person shall cease to act in relation to the Project, Sub-hubco shall forthwith appoint a replacement (subject to compliance with Clause 57.5).
- 57.7 Sub-hubco shall procure that any replacement for any person referred to in Clause 57.5, any member of the Professional Team or any Key Sub-Contractor shall enter into a contract upon the same or substantially similar terms as the person so replaced and shall also enter into a collateral agreement on the same or substantially the same terms as the relevant Collateral Agreement or Key Sub-Contractor Collateral Agreement (as applicable) entered into by the person so replaced.
- 57.7A Sub-hubco undertakes to obtain and deliver to the Authority, on the earlier of: (i) ten (10) days of the date of appointment of each Key Sub-Contractor and (ii) 10 days before the relevant Key Sub-Contractor starts work on the Site (or any off-site fabrication), collateral warranty agreements in the form of the Key Sub-Contractor Collateral Agreement (subject to any reasonable amendments required by the Key Sub-Contractor and/or the Authority approved by the Key Sub-Contractor and/or the Authority as appropriate), validly executed in self proving form by the relevant Key Sub-Contractor, the Contractor and Sub-hubco together with a certified true copy of the sub-contract entered into between the Contractor and the relevant Key Sub-Contractor.
- 57.8 Where Sub-hubco enters into a contract with a sub-contractor for the purposes of carrying out the Project Operations or any part of the Project Operations under this Agreement, Sub-hubco shall cause a term to be included in such contract:
- 57.8.1 which requires payment to be made to the sub-contractor within a specified period not exceeding thirty (30) days from receipt of a valid invoice as defined by the contract requirements and in the case of the provision of Services provides that, for the purpose of payment alone, where the Authority has made payment to Sub-hubco and the sub-contractor's invoice includes Project Operations in relation to which payment has been made by the Authority then, to the extent that it relates to such Project Operations, the invoice shall be treated as valid and payment shall be made to the sub-contractor without deduction (but without prejudice to any right to deduct or set off validly arising under the terms of the contract with the sub-contractor); and
- 57.8.2 which notifies the sub-contractor that the contract forms part of a larger contract for the benefit of the Authority and that should the sub-contractor have any difficulty in securing the timely payment of an invoice that matter may be referred by the sub-contractor to the Authority's Representative; and
- 57.8.3 in the same terms as this Clause 57.8 (including for the avoidance of doubt this Clause 57.8.3) subject only to modification to refer to the correct designation of the equivalent party as the supplier and recipient of the relevant Project Operations as the case may be.

Replacement of a non-performing Sub-Contractor

- 57.9 On the substitution or replacement of a Service Provider due to a breach or default under a Service Contract, Sub-hubco may elect, subject to Clause 57.11 and provided that at the time of making such election no notice of termination has been

served under this Agreement, that for the purposes of Clauses 40.1.8 (*Deductions*) and 40.1.9 (*Warning Notices*) only, all Deductions incurred and Warning Notices served prior to the date of such substitution or replacement shall be disregarded by virtue of Clause 57.10 below.

57.10 If Sub-hubco makes an election pursuant to Clause 57.9 above then, with effect from the date of substitution or replacement of the Service Provider, all Deductions incurred and Warning Notices served prior to that date shall be disregarded for the purposes of Clause 40.1.8 (*Deductions*) and Clause 40.1.9 (*Warning Notices*). For the avoidance of doubt, the Authority shall retain the right to make Deductions in accordance with Schedule Part 14 (*Payment Mechanism*) in respect of the Availability Failures and/or Performance Failures to which the Deductions and/or Warning Notices are attributable.

57.11 Sub-hubco shall be entitled to make an election pursuant to Clause 57.9 on a maximum of two occasions during the Project Term.

58 OWNERSHIP INFORMATION AND CHANGES IN CONTROL

58.1 Sub-hubco represents and warrants to the Authority that at the date of this Agreement the legal and beneficial ownership of Sub-hubco is as set out in Schedule Part 21 (*Sub-hubco Information*) and that, other than any Shareholder pre-emption rights, no arrangements are in place that have or may have or result in any sale, transfer or disposal of any legal, beneficial, equitable or other interest in any or all of the shares in Sub-hubco.

58.2 Sub-hubco shall inform the Authority as soon as reasonably practicable (and in any event, within thirty (30) days) of any Change in Control occurring in respect of Sub-hubco.

58.3 The Authority may, not more than twice in any Contract Year, or at any time when a Sub-hubco Event of Default is outstanding, require Sub-hubco to inform it, as soon as reasonably practicable and in any event within thirty (30) days of receipt of the Authority's request for details, of any Change in Control in respect of Sub-hubco.

58.4 Sub-hubco's obligations under Clauses 58.1 and 58.2 above shall, except where a legal transfer of shares has occurred be limited to the extent of Sub-hubco's awareness having made all reasonable enquiry.

58.5 Subject to Clause 58.6, prior to the expiry of a period of twelve (12) months commencing on the Phase 1 Actual Completion Date, no Change in Control in any or all of the shares in Sub-hubco shall be permitted without the prior written approval of the Authority. Any Change in Control arising as a consequence of either:

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

58.5.2 any transfer by a Shareholder to an Associate of such transferor,

shall be disregarded for the purpose of this Clause 58.5 above. Where Clause 58.5.2 applies and subsequent to any such transfer (the "**Original Transfer**") the transferee ceases to be an Associate of the original transferor, it shall be a breach of this Clause 58.5 if the shares or interests which were the subject of the Original Transfer are not within 20 Business Days of the transferee ceasing to be an Associate of the original transferor, transferred to the original transferor or any Associate of such transferor.

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

59 MITIGATION

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

60 DATA PROTECTION

Data Protection

- 60.1 For the purpose of the following Clauses, the term "personal data" shall have the meaning given to it in the Data Protection Act 1998.
- 60.2 Sub-hubco undertakes to the Authority that it shall comply with the obligations of a "data controller" under the provisions of the Seventh Data Protection Principle as set out in Schedule 1 of the Data Protection Act 1998. In addition, Sub-hubco:
- 60.2.1 warrants that it has, or will have at all material times, (and it shall use best endeavours to procure that all Sub Contractors (and their agents and sub contractors of any tier have or will have at all material times) the appropriate technical and organisational measures in place against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data held or processed by it and that it has taken, or will take at all material times, all reasonable steps to ensure the reliability of any of its staff which will have access to personal data processed as part of the Project Operations;
 - 60.2.2 undertakes that it will act only on the instructions of the Authority in relation to the processing of any personal data made available by or on behalf of the Authority as part of the Project Operations;
 - 60.2.3 undertakes that it will only obtain, hold, process, use, store and disclose personal data as is necessary to perform its obligations under this Agreement and (without prejudice to Clause 5.2 (*General standards*)) that such data will be held, processed, used, stored and disclosed only in accordance with the Data Protection Act 1998 and any other applicable Law; and
 - 60.2.4 undertakes to allow the Authority access to any relevant premises on reasonable notice to inspect its procedures described at Clause 60.2.1 above.

61 CONFIDENTIALITY

- 61.1 The Authority shall, subject to Clause 61.2 and Schedule Part 26 (*Commercially Sensitive Information*) be entitled to make the documents and information listed in this Clause 61.1 freely available to the public (which may include, without limitation, publication on the Authority's website):
- 61.1.1 this Agreement;

- 61.1.2 the Independent Tester Contract;
- 61.1.3 the Collateral Agreements;
- 61.1.4 the Key Sub-Contractor Collateral Agreements;
- 61.1.5 the payment and performance report;
- 61.1.6 the Financial Model (as updated from time to time in accordance with this Agreement); and
- 61.1.7 not used,

and Sub-hubco acknowledges and agrees that, subject to the exclusion of information referred to in Clause 61.2.2, the provision or publication of the documents and information listed in this Clause 61.1 shall not give rise to any liability under the terms of this Agreement or otherwise. The Authority shall notify Sub-hubco in writing not less than ten (10) Business Days prior to any intended provision or publication of information pursuant to this Clause 61.1.

61.2

- 61.2.1 The parties agree that the provisions of this Agreement, the Financial Model and each Ancillary Document shall, subject to Clause 61.2.2 below, not be treated as Confidential Information and may be disclosed without restriction and Sub-hubco acknowledges that the Authority shall, subject to Clause 61.2.2 below, be entitled to make this Agreement, the Financial Model and each Ancillary Document available in the public domain.
- 61.2.2 Clause 61.2.1 above shall not apply to provisions of this Agreement, the Financial Model or an Ancillary Document designated as Commercially Sensitive Information and listed in Schedule Part 26 (*Commercially Sensitive Information*) to this Agreement which shall, subject to Clause 61.3 be kept confidential for the periods specified in that Schedule Part 26 (*Commercially Sensitive Information*).
- 61.2.3 The parties shall keep confidential all Confidential Information received by one party from the other party relating to this Agreement and Ancillary Documents or the Project and shall use all reasonable endeavours to prevent their employees and agents from making any disclosure to any person of any such Confidential Information.

Permitted Disclosure

- 61.3 Clauses 61.2.2 and 61.2.3 shall not apply to:
 - 61.3.1 any disclosure of information that is reasonably required by any person engaged in the performance of their obligations under this Agreement for the performance of those obligations;
 - 61.3.2 any matter which a party can demonstrate is already or becomes generally available and in the public domain otherwise than as a result of a breach of this Clause;
 - 61.3.3 any disclosure to enable a determination to be made under Schedule Part 20 (*Dispute Resolution Procedure*) or in connection with a dispute between Sub-hubco and any of its subcontractors;

- 61.3.4 any disclosure which is required pursuant to any Law or Parliamentary obligation placed upon the party making the disclosure or the rules of any stock exchange or governmental or regulatory authority having the force of law or, if not having the force of law, compliance with which is in accordance with the general practice of persons subject to the stock exchange or governmental or regulatory authority concerned;
- 61.3.5 any disclosure of information which is already lawfully in the possession of the receiving party, prior to its disclosure by the disclosing party;
- 61.3.6 any provision of information to the parties' own professional advisers or insurance advisers or to the Senior Funders or the Senior Funders' professional advisers or insurance advisers or, where it is proposed that a person should or may provide funds (whether directly or indirectly and whether by loan, equity participation or otherwise) to Sub-hubco to enable it to carry out its obligations under this Agreement, or may wish to acquire shares in Sub-hubco and/or hubco in accordance with the provisions of this Agreement to that person or their respective professional advisers but only to the extent reasonably necessary to enable a decision to be taken on the proposal;
- 61.3.7 any disclosure by the Authority of information relating to the design, construction, operation and maintenance of the Project and such other information as may be reasonably required for the purpose of conducting a due diligence exercise, to any proposed new contractor, its advisers and lenders, should the Authority decide to retender this Agreement; or
- 61.3.8 any registration or recording of the Consents and property registration required;
- 61.3.9 any disclosure of information by the Authority to any other department, office or agency of the Government or their respective advisers or to the Scottish Futures Trust or to any person engaged in providing services to the Authority for any purpose related to or ancillary to this Agreement;
- 61.3.10 any disclosure for the purpose of:
 - (a) the examination and certification of the Authority's or Sub-hubco's accounts;
 - (b) any examination pursuant to section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources;
 - (c) complying with a proper request from either party's insurance adviser, or insurer on placing or renewing any insurance policies; or
 - (d) (without prejudice to the generality of Clause 61.3.4) compliance with the FOI(S)A and/or the Environmental Information (Scotland) Regulations;
- 61.3.11 disclosure pursuant to Clause 61.1; or
- 61.3.12 disclosure to the extent required pursuant to Clause 63.2,

provided that, to avoid doubt, neither Clause 61.3.10(d) nor Clause 61.3.4 above shall permit disclosure of Confidential Information otherwise prohibited by Clause 61.2.3 where that information is exempt from disclosure under section 36 of the FOI(S)A.

- 61.4 Where disclosure is permitted under Clause 61.3, other than under Clauses 61.3.2, 61.3.4, 61.3.5, 61.3.8 and 61.3.10, the party providing the information shall procure that the recipient of the information shall be subject to the same obligation of confidentiality as that contained in this Agreement.
- 61.5 Sub-hubco shall not make use of this Agreement or any information issued or provided by or on behalf of the Authority in connection with this Agreement otherwise than for the purpose of this Agreement, except with the written consent of the Authority.
- 61.6 Where Sub-hubco, in carrying out its obligations under this Agreement, is provided with information relating to any Authority Party, Sub-hubco shall not disclose or make use of any such information otherwise than for the purpose for which it was provided, unless Sub-hubco has obtained the prior written consent of that person and has obtained the prior written consent of the Authority.
- 61.7 On or before the Expiry Date, Sub-hubco shall ensure that all documents or computer records in its possession, custody or control, which contain information relating to any patient or Authority Party including any documents in the possession, custody or control of a Sub-Contractor, are delivered up to the Authority.
- 61.8 The parties acknowledge that Audit Scotland has the right to publish details of this Agreement (including Commercially Sensitive Information) in its relevant reports to Parliament.
- 61.9 The provisions of this Clause 61 (*Confidentiality*) are without prejudice to the application of the Official Secrets Acts 1911 to 1989.

Announcements

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

62 FREEDOM OF INFORMATION

- 62.1 Sub-hubco acknowledges that the Authority is subject to the requirements of the FOI(S)A and the Environmental Information (Scotland) Regulations and shall assist and cooperate with the Authority to facilitate the Authority's compliance with its Information disclosure requirements pursuant to the same in the manner provided for in Clauses 62.2 to 62.8.
- 62.2 Where the Authority receives a Request for Information in relation to Information that Sub-hubco is holding on its behalf and which the Authority does not hold itself the Authority shall refer to Sub-hubco such Request for Information as soon as practicable and in any event within five (5) Business Days of receiving such Request for Information and Sub-hubco shall:
- 62.2.1 provide the Authority with a copy of all such Information in the form that the Authority requires as soon as practicable and in any event within five (5) Business Days (or such other period as the Authority acting reasonably may specify) of the Authority's request; and
- 62.2.2 provide all necessary assistance as reasonably requested by the Authority in connection with any such Information, to enable the Authority

to respond to the Request for Information within the time for compliance set out in section 10 of the FOI(S)A or Regulation 5 of the Environmental Information (Scotland) Regulations.

- 62.3 Following notification under Clause 62.2, and up until such time as Sub-hubco has provided the Authority with all the Information specified in Clause 62.2.1, Sub-hubco may make representations to the Authority as to whether or not or on what basis Information requested should be disclosed, and whether further information should reasonably be provided in order to identify and locate the information requested, provided always that the Authority shall be responsible for determining at its absolute discretion:
- 62.3.1 whether Information is exempt from disclosure under the FOI(S)A and the Environmental Information (Scotland) Regulations;
 - 62.3.2 whether Information is to be disclosed in response to a Request for Information, and
- in no event shall Sub-hubco respond directly, or allow its Sub-Contractors to respond directly, to a Request for Information unless expressly authorised to do so by the Authority.
- 62.4 Sub-hubco shall ensure that all Information held on behalf of the Authority is retained for disclosure for at least seven (7) years from when the information is received and thereafter returned to the Authority and shall permit the Authority to inspect such Information as requested from time to time.
- 62.5 Sub-hubco shall transfer to the Authority any Request for Information received by Sub-hubco as soon as practicable and in any event within two (2) Business Days of receiving it.
- 62.6 Sub-hubco acknowledges that any lists provided by it listing or outlining Confidential Information are of indicative value only and that the Authority may nevertheless be obliged to disclose Confidential Information in accordance with the requirements of FOI(S)A and the Environmental (Scotland) Regulations.
- 62.7 In the event of a request from the Authority pursuant to Clause 62.2 Sub-hubco shall as soon as practicable, and in any event within five (5) Business Days of receipt of such request, inform the Authority of Sub-hubco's estimated costs of complying with the request to the extent these would be recoverable, if incurred by the Authority, under section 13(1) of the FOI(S)A and the Fees Regulations. Where such costs (either on their own or in conjunction with the Authority's own such costs in respect of such Request for Information) will exceed the appropriate limit referred to in section 12(1) of the FOI(S)A and as set out in the Fees Regulations (the "Appropriate Limit") the Authority shall inform Sub-hubco in writing whether or not it still requires Sub-hubco to comply with the request and where it does require Sub-hubco to comply with the request the ten (10) Business Days period for compliance shall be extended by such number of additional days for compliance as the Authority is entitled to under section 10 of the FOI(S)A. In such case, the Authority shall notify Sub-hubco of such additional days as soon as practicable after becoming aware of them and shall reimburse Sub-hubco for such costs as Sub-hubco incurs in complying with the request to the extent it is itself entitled to reimbursement of such costs in accordance with its own FOI(S)A policy from time to time.
- 62.8 Sub-hubco acknowledges that (notwithstanding the provisions of Clause 61 (*Confidentiality*)) the Authority may, acting in accordance with the Scottish Ministers Code of Practice on the Discharge of Functions of Public Authorities under Part 6 of the Freedom of Information (Scotland) Act 2002 (the "**Code**"), and/or having full regard to any guidance or briefings issued by the Scottish

Information Commissioner or the Scottish Ministers, be obliged under the FOI(S)A, or the Environmental Information (Scotland) Regulations to disclose Information concerning Sub-hubco or the Project:

62.8.1 in certain circumstances without consulting with Sub-hubco; or

62.8.2 following consultation with Sub-hubco and having taken their views into account,

provided always that where Clause 62.8.1 above applies the Authority shall, in accordance with the recommendations of the Code, draw this to the attention of Sub-hubco prior to any disclosure.

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

63 INFORMATION AND AUDIT ACCESS

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

63.2 For the purpose of:

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

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

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

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

64 NOTICES

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

the e-mail signed by or on behalf of the person giving it is sent by post or delivered by hand to the intended recipient in accordance with the provisions of Clauses 64.1 and 64.2.

65 NO WAIVER

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

Continued effect – no waiver

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

66 NO AGENCY

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

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

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

67 ENTIRE AGREEMENT

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

67.2 Each of the parties acknowledges that:

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

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

68 THIRD PARTY RIGHTS

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

69 **SEVERABILITY**

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

70 **CONFLICTS OF AGREEMENTS**

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

71 **COSTS AND EXPENSES**

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

72 **FURTHER ASSURANCE**

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

73 **GOVERNING LAW AND JURISDICTION**

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

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

74 **LOCAL GOVERNMENT (CONTRACTS) ACT 1997**

74.1 Sub-hubco hereby consents to the issue by the Authority of certificates under section 3 of the Local Government (Contracts) Act 1997 in respect of this Agreement and the Funders' Direct Agreement.

74.2 The relevant discharge terms within the meaning of section 6 of the Local Government (Contracts) Act 1997 are set out in Schedule Part 27 (*Relevant Discharge Terms*).

75 **BEST VALUE**

- 75.1 Sub-hubco shall take all reasonable steps necessary to facilitate, support and assist the Authority in complying with Sections 1 and 2 of the Local Government in Scotland Act 2003.
- 75.2 Subject to Clause 75.1, Sub-hubco shall comply with the guidance referred to in Section 2 of the Local Government in Scotland Act 2003 as directed by the Authority from time to time.

IN WITNESS WHEREOF these presents typewritten on this and the preceding 123 pages together with the Schedule in 28 Parts are executed by the parties hereto as follows:

SUBSCRIBED for and on behalf of **THE HIGHLAND COUNCIL**

at EDINBURGH
on the 19 day December
of 2014
by
Lesley Howie Authorised Signatory
LESLEY HOWIE Full Name

before this witness
[Signature] Witness
CATHERINE MCDONALD Full Name
110 RIMSONT MASONRY Address
PRINCES EXCHANGE, EDINBURGH

SUBSCRIBED for and on behalf of **HUB NORTH SCOTLAND (WICK) LIMITED**

at EDINBURGH
on the 19 day
of December 2014
by
[Signature] ~~Director/Attorney acting by power of attorney dated~~
ANDREW BRUCE Full Name

before this witness
[Signature] Witness
Ewan Mitchell Full Name
8 MELLILIE STREET Address
EDINBURGH

This is the schedule referred to in the foregoing agreement between The Highland Council and hub North Scotland (Wick) Limited

SCHEDULE

SCHEDULE PART 1

DEFINITIONS AND INTERPRETATION

SECTION 1

In this Agreement unless the context otherwise requires:

"2012 Act"	means the Land Registration etc (Scotland) Act 2012
"5 Year Maintenance Plan"	means the plan, to be prepared by or on behalf of Subhubco, for any works for the maintenance or repair of the Facilities, including the renewal or replacement of plant or equipment as necessary, during each rolling five year period for the duration of the Project Term;
"Academic Year"	means the period from the first day of the Authority's school year until the last day of the Authority's school year (excluding holiday periods) (as published from time to time prior to the commencement of each Academic Year), such period not to include more than 200 School Days;
"Actual Commissioning End Date"	means the date specified in the Commissioning Completion Certificate issued by the Independent Tester pursuant to Clause 18.4 in relation to each Phase;
"Actual Liability"	has the meaning given in Clause 46.7.3;
"Additional Asbestos"	means Asbestos discovered at the Demolition Sites to the extent only that it differs in nature and/or extent and/or location from the Asbestos identified in the Management Survey
"Additional Permitted Borrowing"	means on any date, the amount equal to any amount of principal outstanding under the Senior Funding Agreements (as the same may from time to time be amended, whether or not with the approval of the Authority) in excess of the amount of principal scheduled under the Senior Funding Agreements at Financial Close to be outstanding at that date; but only to the extent that: (a) this amount is less than or equal to the Additional Permitted Borrowings Limit; and (b) in respect of any Additional Permitted Borrowing the Security Trustee is not in material breach of its obligations under clause 9.4.3 of the Funders' Direct Agreement as it applies to such Additional Permitted

Borrowing,

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

- (i) invested as part of any Qualifying Change; or
- (ii) outstanding from time to time as a result of any drawing under the Senior Funding Agreements as entered into at the date of this Agreement, disregarding any subsequent amendment; or
- (iii) outstanding from time to time as a result of any amendment to the Senior Funding Agreements in respect of which the Authority has agreed that its liabilities on a termination may be increased pursuant to Clause 4.3
- (iv) shall not be counted as Additional Permitted Borrowing;

"Additional Permitted Borrowings Limit" means an amount equal to:

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

"Adjudicator" has the meaning given in paragraph 4.1 of Schedule Part 20 (*Dispute Resolution Procedure*);

"Advance Notice" means an advance notice as defined in Section 56 of the 2012 Act

"Affiliate" means, in relation to any person, any holding company or subsidiary of that person or any subsidiary of such holding company, and **"holding company"** and **"subsidiary"** shall have the meaning given to them in section 1159 of the Companies Act 2006;

"Ancillary Documents" means the Construction Contract, the Service Contracts, the appointments of the Professional Team, the appointments of the Key Sub-Contractors and the Performance Guarantees, all as the same may be amended or replaced from time to time;

"Ancillary Rights"	means such rights as set out in Section 3 (<i>Ancillary Rights</i>) of Schedule Part 5 (<i>Land Matters</i>);
"Annual Service Payment"	has the meaning given in Schedule Part 14 (<i>Payment Mechanism</i>);
"Approved RDD Item"	means an item of Reviewable Design Data which has been returned or has been deemed to have been returned endorsed either "Level A – no comment" or "Level B – proceed subject to amendment as noted" by the Authority's Representative pursuant to the provisions of Clause 12 (<i>Design, Construction and Commissioning Process</i>) and Schedule Part 8 (<i>Review Procedure</i>) (provided that in the case of any item of Reviewable Design Data which has been returned or has been deemed to have been returned endorsed "Level B – proceed subject to amendment as noted" Sub-hubco has taken account of the Authority's Representative's comments), as such item of Reviewable Design Data may be varied or amended from time to time in accordance with Schedule Part 16 (<i>Change Protocol</i>);
"Asbestos"	has the meaning given to it in the Control of Asbestos Regulations 2006;
"Asbestos Works"	means, in relation to a Demolition Site, the removal and disposal of all Asbestos which for the avoidance of doubt shall not include soft strip activities;
"Asbestos Works Estimated Costs"	means the sum of £3,000;
"Asbestos Works Period"	means, in relation to the Demolition Sites, the period of 4 weeks programmed for the carrying out of Asbestos Works including soft strip activities;
"Associated Companies"	means, in respect of a relevant company, a company which is a Subsidiary, a Holding Company or a company that is a Subsidiary of the ultimate Holding Company of that relevant company, and in the case of Sub-hubco shall include hubco and each of the Shareholders, and the term " Associate " shall be interpreted accordingly;
"Authority Assets"	means any assets and equipment or other property used by, or on behalf of, the Authority or any Authority Party, other than the Facilities;
"Authority Change"	has the meaning given in Schedule Part 16 (<i>Change Protocol</i>);
"Authority Change Notice"	has the meaning given in Schedule Part 16 (<i>Change Protocol</i>);
"Authority Consents"	means the production of the fire safety risk assessment relevant to the Facilities and obtaining all approvals relevant to the same under the Fire (Scotland) Act 2005 and the Fire Safety (Scotland) Regulations 2006;
"Authority Distribution Share"	means the greater of:

	(a) half of the First Threshold Excess; and
	(b) the Second Threshold Excess;
"Authority Events of Default"	has the meaning given in Clause 39.1;
"Authority Party"	means any of the Authority's agents, contractors and sub contractors of any tier and its or their directors, officers and employees and/or Community Services Providers (or any director, officer or employee of a Community Services Provider or any contractor or sub-contractor of any tier of any Community Services Provider) at the Facilities with the authority of the Authority but excluding Sub-hubco, any Sub-hubco Party and statutory undertakers and utilities and "Authority Parties" shall be construed accordingly;
"Authority Planning Conditions"	means condition 3 of the Planning Approval;
"Authority Policies"	means, subject to Clause 27.7, the policies of the Authority set out in the document annexed to this Agreement as Attachment A as amended from time to time;
"Authority's Commissioning"	means the Authority's pre-completion commissioning activities to be carried out by the Authority in accordance with Clause 17 (<i>Pre-Completion Commissioning and Completion</i>);
"Authority's Construction Requirements"	means the requirements of the Authority set out or identified in Section 3 (<i>Authority's Construction Requirements</i>) of Schedule Part 6 (<i>Construction Matters</i>) as amended from time to time in accordance with the terms of this Agreement;
"Authority's Maintenance Obligations"	has the meaning given in Clause 23.13;
"Authority's Post Completion Commissioning"	means the Authority's post-completion commissioning activities to be carried out by the Authority in accordance with Clause 18.1 (<i>Post Completion Commissioning</i>);
"Authority's Pre-Financial Close Costs"	means £4,300,764.06
"Authority's Property Management System Portal"	means the Authority's electronic portal for the import of documents at http://hcpropertyinfo.mybiw.com ;
"Authority's Representative"	means the person so appointed by the Authority pursuant to Clause 8 (<i>Representatives</i>);
"Availability Failure"	has the meaning given in Schedule Part 14 (<i>Payment Mechanism</i>);
"Base Date"	has the meaning given in paragraph 16 of Section 2 (<i>Interpretation</i>) of Schedule Part 1 (<i>Definitions and Interpretation</i>);
"Base Senior Debt Termination Amount"	has the meaning given in Section 6 (<i>Definitions</i>) of Schedule Part 17 (<i>Compensation on Termination</i>);

"Beneficiary"	has the meaning given in Clause 49.3 (<i>Conduct of Claims</i>);
"Building"	means the building forming part of the Facilities the footprint of which is shown outlined in blue on the Substation Plan
"Business Day"	means a day other than a Saturday, Sunday or a bank holiday in Edinburgh;
"Capital Expenditure"	means capital expenditure (as such term is interpreted in accordance with generally accepted accounting principles in the United Kingdom from time to time);
"CDM Regulations"	has the meaning given in Section 2 (<i>Safety During Construction</i>) of Schedule Part 6 (<i>Construction Matters</i>);
"Certificate of Practical Completion"	means a certificate in the relevant form set out in Schedule Part 22 (<i>Certificates</i>);
"Change"	has the meaning given in Schedule Part 16 (<i>Change Protocol</i>);
"Change in Control"	means: <ul style="list-style-type: none"> (a) any sale or other disposal of any legal, beneficial or equitable interest in any or all of the equity share capital of a corporation (including the control over the exercise of voting rights conferred on that equity share capital, control over the right to appoint or remove directors or the rights to dividends); and/or (b) any other arrangements that have or may have or which result in the same effect as paragraph (a) above;
"Change in Law"	means the coming into effect or repeal (without re-enactment or consolidation) in Scotland of any Law, or any amendment or variation to any Law, or any judgement of a relevant court of law which changes binding precedent in Scotland in each case after the date of this Agreement;
"Collateral Agreements"	means the Contractor's Collateral Agreement, the Service Providers' Collateral Agreements, the Professional Team Collateral Agreements and (other than for the purposes of paragraph 4 of Section 1 of Schedule Part 2) the Key Sub-Contractor Collateral Agreements;
"Commencement Date"	means the date of this Agreement;
"Commercially Sensitive Information"	means the sub set of Confidential Information listed in column 1 of Part 1 (<i>Commercially Sensitive Contractual Provisions</i>) and column 1 of Part 2 (<i>Commercially Sensitive Material</i>) of Schedule Part 26 (<i>Commercially Sensitive Information</i>) in each case for the period

	specified in column 2 of Parts 1 and 2 of Schedule Part 26 (<i>Commercially Sensitive Information</i>);
"Commissioners"	has the meaning given in Clause 35.3;
"Commissioning Completion Certificate"	means a certificate in the relevant form set out in Schedule Part 22 (<i>Certificates</i>);
"Commissioning End Date"	means the date by which the parties' commissioning activities are programmed to be completed in accordance with the relevant Final Commissioning Programme;
"Committed Standby Facility"	means the Debt Service Reserve Facility, as that term is defined in the Loan Agreement;
"Community Facility Representative"	has the meaning given in Clause 8.7A;
"Community Services"	means all education and other services provided from or made available at the Facilities as envisaged by the Authority's Construction Requirements and/or the Service Level Specification and such other services as may be notified to Sub-hubco by the Authority from time to time;
"Community Services Provider"	means any organisation (excluding for the avoidance of doubt the Authority) providing any of the Community Services at the Facilities from time to time;
"Compensation Event"	has the meaning given in Clause 29.10;
"Compensation Payment"	has the meaning given in Clause 46.6;
"Completion Criteria"	means the Completion Tests as defined in Appendix A of Schedule Part 10 (<i>Outline Commissioning Programme</i>) and as may be applicable to each Phase;
"Confidential Information"	means: <ul style="list-style-type: none"> (a) information that ought to be considered as confidential (however it is conveyed or on whatever media it is stored) and may include information whose disclosure would, or would be likely to, prejudice the commercial interests of any person, trade secrets, Intellectual Property Rights and know-how of either party and all personal data and sensitive personal data within the meaning of the Data Protection Act 1988 and (b) Commercially Sensitive Information;
"Consents"	means all permissions, consents, approvals, certificates, permits, licences, statutory agreements and authorisations required by Law, and all necessary consents and agreements from any third parties (including, without limitation, any Planning Permission), needed to carry out the Project Operations in accordance with this Agreement, excluding any building warrant and/or any grid connection necessary in

relation to the relocation of the wind turbine;

"Construction Contract"

means the design and build contract dated the same date as this Agreement between Sub-hubco and the Contractor (which, as at the date of this Agreement, is in the Agreed Form) as amended or replaced from time to time in accordance with this Agreement;

"Construction Phase"

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

"Construction Quality Plan"

means the document at Section 8 (*Quality Plans (Design and Construction)*) of Schedule Part 6 (*Construction Matters*);

"Contamination"

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

"Contract Month"

means a calendar month provided that:

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

"Contract Year"

means a period of twelve (12) calendar months during the Project Term commencing on and including 1 April in any year, provided that: (a) the first Contract Year shall be such period as commences on the date of this Agreement and ends on the next occurring 31 March; and (b) the final Contract Year shall be such period as commences on and includes 1 April that falls not more than 12 months prior to the date on which this Agreement expires or is terminated (for whatever reason) and ends on and includes the date of expiry or earlier termination of this Agreement (as the case may be);

"Contracting Associate"

means the Contractor, any Service Provider and any other entity which performs on behalf of Sub-hubco any material function in connection with this Agreement, the Project Operations;

"Contractor"

means Galliford Try Building Limited (trading as Morrison Construction) engaged by Sub-hubco to carry out the Works and any substitute design and/or building contractor engaged by Sub-hubco as may be permitted

	by this Agreement;
"Contractor Prolongation Costs"	means the Contractor's fixed costs/fees in respect of those elements identified in Schedule Part 28;
"Contractor's Collateral Agreement"	means a collateral agreement among the Authority, Sub-hubco and the Contractor in the form set out in Section 1 of Schedule Part 9 (<i>Collateral Agreements</i>);
"Contractor's Site Manager"	means the manager to be appointed by the Contractor for purposes of supervision of all day-to-day activities on the Site;
"Contractor's Site Rules"	means the Contractor's rules, applicable on the Site to the Authority, Sub-hubco, the Contractor and their respective sub-contractors and suppliers of every tier during the construction of the Facilities;
"Convictions"	means other than in relation to minor road traffic offences, any previous or pending prosecutions, convictions, cautions and binding-over orders (including any spent convictions as contemplated by section 1(1) of The Rehabilitation of Offenders Act 1974 by virtue of the exemptions specified in Part II of Schedule 1 of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 (SI 1975/1023) and the Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Order 2003 Scottish SI 2003/231) or any replacement or amendment to those Orders);
"Decanting and Decommissioning"	means the decanting and decommissioning activities set out in the Final Commissioning Programme relating to Phase 1A and Appendix B to Schedule Part 10 (<i>Outline Commissioning Programme</i>);
"Deduction"	means a deduction to be made in calculating a Monthly Service Payment, calculated in accordance with Section 3 (<i>Deductions from Monthly Service Payments</i>) of Schedule Part 14 (<i>Payment Mechanism</i>);
"Deemed Liability"	has the meaning given in Clause 46.7.3;
"Default Interest"	means any increased margin that is payable to the Senior Funders or which accrues as a result of any payment due to the Senior Funders not being made on the date on which it is due;
"Default Interest Rate"	means 2% over LIBOR;
"Defects"	means any defect or fault in the Works and/or the Facilities (not being a Snagging Matter) which occurs due to a failure by Sub-hubco to meet the Authority's Construction Requirements and/or Sub-hubco's Proposals or otherwise to comply with its obligations under this Agreement;
"Delay Event"	has the meaning given in Clause 29.3;
"Demolition Contractor"	means Central Demolition Limited with registered office Central House, Chattan Industrial Estate, Bonnyside

Road, Bonnybridge, Stirlinshire FK4 2AG (company number SC172244) or such other demolition contractor who is licenced to carry out and complete Asbestos removal as selected by the Contractor;

"Demolition Site"

means the areas hatched black on the Demolition Site plan in the Agreed Form and all references to "Demolition Sites" shall be construed accordingly;

"Derogated Low Value Change"

has the meaning given in Schedule Part 16 (*Change Protocol*);

"Design and Build Development Agreements Discharge"

means the agreement between the Authority, hubco and Galliford Try Construction (UK) Limited in the terms of the draft agreement so entitled in the Agreed Form;

"Design Data"

means all drawings, reports, documents, plans, software, formulae, calculations and other data relating to the design, construction, testing and/or operation of the Facilities;

"Design Quality Plan"

means the document at Section 8 (*Quality Plans (Design and Construction)*) of Schedule Part 6 (*Construction Matters*);

"Direct Losses"

means, subject to the provisions of Clause 54.1, all damage, losses, liabilities, claims, actions, costs, expenses (including the cost of legal or professional services, legal costs being on an agent/client, client paying basis), proceedings, demands and charges whether arising under statute, contract or at common law but, to avoid doubt, excluding Indirect Losses;

"Disclosed Data"

means any Design Data and any other written information, data and documents made available or issued to Sub-hubco or any Sub-hubco Party in connection with the Project by or on behalf of the Authority (or any Authority Party) whether on, before or after the execution of this Agreement;

"Discriminatory Change in Law"

means any Change in Law the effect of which is to discriminate directly against:

- (a) facilities whose design, construction, financing and operation are procured under the hub programme in relation to other similar projects; or
- (b) companies undertaking projects procured by contracts under the hub programme in relation to other companies undertaking similar projects; or
- (c) the Facilities (or any of them) in relation to other similar facilities; or
- (d) Sub-hubco in relation to other companies,

save:

- i. where such Change in Law is in response to any act or omission on the part of Sub-hubco which is illegal (other than an act or omission rendered illegal by virtue of the Change in Law itself);
- ii. that such action shall not be deemed to be discriminatory solely on the basis that its effect on Sub-hubco is greater than its effect on other companies; and
- iii. that a change in taxes or the introduction of a tax affecting companies generally or a change in VAT shall be deemed not to be discriminatory in any circumstances (to avoid doubt, such changes being given effect in accordance with Clause 35 (*VAT and Construction Industry Tax Deduction Scheme*));

"Distribution"	has the meaning given in Schedule Part 23 (<i>Refinancing</i>) (excluding limb (b) of that definition);
"Distribution Date"	means a date during the Project Term or after its expiry on which Sub-hubco intends to make a Distribution;
"Dividend"	means any dividend or distribution made or paid by Sub-hubco on its share capital;
"Dispute"	has the meaning given in paragraph 1 of Schedule Part 20 (<i>Dispute Resolution Procedure</i>);
"Dispute Resolution Procedure"	means the procedure set out in Schedule Part 20 (<i>Dispute Resolution Procedure</i>);
"Emergency"	means an event causing or, in the reasonable opinion of a party, threatening to cause death or injury to any individual, or serious disruption to the lives of a number of people or extensive damage to property, or contamination of the environment, in each case on a scale beyond the capacity of the emergency services or preventing the Services operating under normal circumstances and requiring the mobilisation and organisation of the emergency services;
"Enabling Works"	means the works to be carried out under the Enabling Works Design and Build Development Agreement
"Enabling Works Design and Build Development Agreements"	means the two design and build development agreements in respect of certain enabling works, set out therein, entered into between the Authority and hubco, the first dated 29 July and 5 August 2014 and the second dated 3 and 6 October 2014 as amended by two minutes of variation the first dated 26 and 28 November 2014 and the second dated 11 and 12 December 2014;
"Encumbrance"	means any option, right of pre-emption, pledge, security, interest, lien, charge, mortgage, lease, licence, claim, condition, retention or other encumbrance or

	restriction whether imposed by agreement, by law or otherwise;
"Environmental Information (Scotland) Regulations"	means the Environmental Information (Scotland) Regulations 2004 together with any guidance and/or codes of practice issued by the Scottish Information Commissioner or relevant Government Department in relation to such regulations;
"Equipment"	has the meaning given to it in Schedule Part 11 (Equipment);
"Equity"	means the aggregate subscription price paid by the Shareholders for the ordinary share capital of Sub-hubco;
"Estimated Deductions"	has the meaning given in Clause 34.2.1;
"Estimated Increased Maintenance Costs"	has the meaning given in Clause 23.7;
"Excusing Cause"	has the meaning given in Clause 51.2;
"Existing All Weather Pitch"	means the all weather pitch, changing cabin and other facilities shown coloured green and orange on the Phase 1 Site plan in the Agreed Form;
"Expiry Date"	means midnight on 15 September 2041;
"Facilities"	means the buildings and other facilities, together with all supporting infrastructure (including the Plant, the Group 1 Equipment and the Group 2 Equipment), external hard-standings, specialist surfaces and other amenities located on the Site (including as a minimum all aspects detailed within Appendix B to Section 1 (<i>Service Level Specification</i>) of Schedule Part 12 (<i>Service Requirements</i>), as required to enable Sub-hubco to comply with its obligations under this Agreement, all as the same may be varied, amended or supplemented from time to time in accordance with this Agreement;
"Fees Regulations"	means the Freedom of Information (Fees for Required Disclosure (Scotland)) Regulations 2004;
"Final Commissioning Programme"	means the programme jointly developed and agreed by the Authority and Sub-hubco in accordance with the provisions of Clause 17.1;
"Financial Close"	means the date of this Agreement;
"Financial Model"	means the computer spreadsheet model for the Project incorporating statements of Sub-hubco's cashflows including all expenditure, revenues, financing and taxation of the Project Operations together with the profit and loss accounts and balance sheets for Sub-hubco throughout the Project Term accompanied by details of all assumptions, calculations and methodology used in their compilation and any other documentation necessary or desirable to operate the

model, as amended from time to time in accordance with the terms of Clause 37 (*Financial Model*), a copy of which is attached to this Agreement on disk as Attachment B;

"Finishes Proposal Date"

means, in relation to a Finish, the relevant date identified in the table set out in paragraph 1.2.3 of Schedule Part 8 (*Review Procedure*);

"Finishes Selection Date"

means, in relation to a Finish, the relevant date identified in the table set out in paragraph 1.2.3 of Schedule Part 8 (*Review Procedure*);

"Finishes"

means those finishes listed in the table set out in paragraph 1.2.3 of Schedule Part 8 (*Review Procedure*);

"First Party"

has the meaning given in Clause 35.3;

"First Whole Life Threshold Return"

means 10.5%;

"First Threshold Excess"

means the portion, if any of a Proposed Distribution that would, if paid to the Investors on the Relevant Distribution Date, result in the Investor Return being in excess of the First Whole Life Threshold Return, but not more than the Second Whole Life Threshold Return;

"FOI(S)A"

means the Freedom of Information (Scotland) Act 2002 and any subordinate legislation (as defined in section 73 of the Freedom of Information (Scotland) Act 2002) made under the Freedom of Information (Scotland) Act 2002 from time to time together with any guidance and/or codes of practice issued by the Scottish Information Commissioner or relevant Government department in relation to such Act;

"Force Majeure"

has the meaning given in Clause 31 (*Force Majeure*);

"Functional Area"

means an area of the Facilities identified as such in Appendix 2 to Schedule Part 14 (*Payment Mechanism*);

"Funders"

means all or any of the persons who provide financing or funding in respect of the Project Operations under the Funding Agreements including Aviva Public Private Finance Limited and, where the context so permits, prospective financiers or funders;

"Funders' Direct Agreement"

means the agreement to be entered into between the Authority, the Senior Funders and Sub-hubco in the form set out in Schedule Part 4 (*Funders' Direct Agreement*);

"Funding Agreements"

means all or any of the agreements or instruments to be entered into by Sub-hubco or any of its Associates relating to the financing of the Project Operations (including the Initial Funding Agreements and any agreements or instruments to be entered into by Sub-hubco or any of its Associates relating to the rescheduling of their indebtedness or the refinancing of

	the Project Operations);
"Funding Default"	means any event of default under the Loan Agreement which has been notified by the Senior Funders to Sub-hubco or by Sub-hubco to the Senior Funders;
"Good Industry Practice"	means using standards, practices, methods and procedures conforming to the Law and exercising that degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person engaged in a similar type of undertaking under the same or similar circumstances;
"Government"	means the government of the United Kingdom or the Scottish Ministers;
"Ground Physical and Geophysical Investigation"	means the investigation of all the conditions of and surrounding the Site and of any extraneous materials in, on or under the Site (including its surface and subsoil) to enable the Facilities to be designed and constructed and the Works to be carried out with due regard for those conditions and the seismic activity (if any) in the region of the Site;
"H&S Conviction"	has the meaning given in Clause 40.1.5;
"Handback Amount"	has the meaning given in Schedule Part 18 (<i>Handback Procedure</i>);
"Handback Bond"	has the meaning given in Schedule Part 18 (<i>Handback Procedure</i>);
"Handback Certificate"	means the certificate of confirmation that the Facilities comply with the Handback Requirements in the relevant form set out in Schedule Part 18 (<i>Handback Procedure</i>);
"Handback Programme"	has the meaning given in Schedule Part 18 (<i>Handback Procedure</i>);
"Handback Requirements"	has the meaning given in Schedule Part 18 (<i>Handback Procedure</i>);
"Handback Works"	has the meaning given in Schedule Part 18 (<i>Handback Procedure</i>);
"Head Lease"	means the head lease for the Site to be entered into between the Authority and Sub-hubco on the Commencement Date in the Agreed Form, as more particularly described therein, with such variations and/or additions as may be agreed by the Authority and Sub-hubco from time to time in writing;
"Health and Safety Regime"	means the Food Safety Act 1990 (and associated regulations), the Health & Safety at Work etc Act 1974 (and associated regulations), the Fire Precautions Act 1971, the Environmental Protection Act 1990 and the Water Industry (Scotland) Act 2002 and any similar or analogous health, safety or environmental legislation in

			force from time to time;
"High Value Change Submission"	Stage 2		has the meaning given in Schedule Part 16 (<i>Change Protocol</i>);
"Holding Company"			has the meaning given to it in section 1159 of the Companies Act 2006;
"Hours for Programmed Maintenance"			has the meaning given in Appendix 2 of Schedule Part 8 (<i>Review Procedure</i>);
"Hours of Operation"			has the meaning given in Appendix 2 of Schedule Part 8 (<i>Review Procedure</i>);
"hubco"			means Hub North Scotland Limited (registered number SC390666) whose registered office is Summerfield House, 2 Eday Road, Aberdeen, AB15 6RE;
"Indemnifier"			has the meaning given in Clause 49.3 (<i>Conduct of Claims</i>);
"Independent Tester"			means the Faithful + Gould Limited or such substitute independent tester as may be permitted pursuant to this Agreement;
"Independent Tester Contract"			means the contract dated the same date as this Agreement in the form set out in Schedule Part 13 (<i>Independent Tester Contract</i>) or any replacement thereof among Sub-hubco, the Authority and the Independent Tester;
"Indirect Losses"			has the meaning given in Clause 54.1 (<i>Exclusions and Limits on Liability</i>);
"Information"			has the meaning given under section 73 of the Freedom of Information (Scotland) Act 2002;
"Information System"			means a system for generating, sending, receiving, storing or otherwise processing electronic communications;
"Initial Funding Agreements"			means the Funding Agreements put in place upon the execution of this Agreement details of which are set out at Attachment C;
"Insurance Proceeds Account"			means the account numbered 90477491, sort code 82 65 18 in the joint names of Sub-hubco and the Authority with the Clydesdale Bank plc;
"Insurance Proceeds Agreement"	Account		means the agreement in the form set out in Schedule Part 25 (<i>Insurance Proceeds Account Agreement</i>);
"Insurance Term"			means any term and/or condition required to be included in a policy of insurance by Clause 53 (<i>Insurance</i>) and/or Schedule Part 15 (<i>Insurance Requirements</i>) but excluding any risk;
"Insurances"			means, as the context requires, all or any of the insurances required to be maintained by Sub-hubco pursuant to this Agreement;

"Intellectual Property"	means all registered or unregistered trademarks, service marks, patents, registered designs, utility models, applications for any of the foregoing, copyrights, unregistered designs, the sui generis rights of extraction relating to databases, trade secrets and other confidential information or know-how;
"Intellectual Property Rights"	means the Intellectual Property which (or the subject matter of which) is created, brought into existence, acquired, used or intended to be used by Sub-hubco, any Sub-hubco Party or by other third parties (for the use by or on behalf of or for the benefit of Sub-hubco) for the purposes of the design or construction of the Facilities, the operation, maintenance, improvement and/or testing of the Facilities or the conduct of any other Project Operation or otherwise for the purposes of this Agreement;
"Interest"	means any interest in Relevant Debt paid by Sub-hubco;
"Interim Asbestos Survey"	means an interim Refurbishment/Demolition Survey as described in Guidance Note HSG264 (Asbestos: The Survey Guide) published by the Health & Safety Executive;
"Interim Asbestos Survey Report"	means a detailed report prepared by "NATAS" on the results of the Interim Asbestos Survey, which report shall include recommendations as to the nature and scope of the Asbestos Works required at the Demolition Site
"Interim Project Report"	means either: (i) the report to be produced by Sub-hubco on request by the Authorities pursuant to Clause 4.8 (Funding Default), which report shall contain all information pertaining to the occurrence of the relevant Funding Default (including without limitation details of any action taken by the Funders under the Loan Agreement, any discussions that have taken place with the Funders and if the funders intend to issue a waiver in respect of the Funding Default) as the Authorities (acting reasonably) deems necessary together with a programme of action which will, if performed, remedy or otherwise resolve the matters which gave rise to the Funding Default; or (ii) where the Senior Funders have requested that Sub-hubco provide them with a report in relation to the relevant Funding Default, a copy of such report, together with any updates or follow on reports requested by the Senior Funders;
"Investor Return"	means the projected final blended internal rate of return of the Investors post tax (in relation to any tax payable or to be paid by Sub-hubco on the aggregate of the Subordinated Debt and Equity expressed in nominal terms having regard to: <ul style="list-style-type: none"> (a) all actual Distributions that have been made or paid to the Investors;

- (b) the Proposed Distribution at the relevant Distribution Date and
- (c) all Projected Distributions

and calculated from the actual point of investment of moneys by the Investors rather than the point of commitment to invest on the assumption, whether or not a fact, that the Investors are a single person;

"Investors"

means the Shareholders and the holders of the Subordinated Debt in each case for the time being;

"IT"

means information technology systems, hardware and software;

"Key Sub-Contractor"

means those sub-contractors appointed in relation to any one or more of the following sub-contract works packages:

- Steel frame;
- Precast slab unit supplier;
- Roof cladding/ covering;
- Precast wall cladding;
- Windows/ external doors;
- Curtain Walling;
- SFS Framing;
- MEP Services;
- Kitchen;
- Lifts;
- Pool supplier;

"Key Sub-Contractor Agreements"

Collateral

means the collateral agreements between the Authority and the Key Sub-Contractors in the form set out in Section 3 of Schedule Part 9 (*Collateral Agreements*);

"Law"

means:

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

in each case in force in Scotland;

"Leases"	means the Head Lease and/or the Sub-Lease, as the context may require;
"LIBOR"	means the rate per annum determined by Clydesdale Bank plc to be the offered rate for six month sterling deposits in the London interbank market which appears on Telerate Page 3750 (or such other page as may replace that page on the Dow Jones Telerate service);
"Loan Agreement"	means the loan agreement dated on or around the date of this Agreement between Sub-hubco and the Senior Funders
"Low Value Change"	has the meaning given in Schedule Part 16 (<i>Change Protocol</i>);
"Maintenance Works"	means any works for maintenance or repair of the Facilities that are necessary to ensure that the Facilities are maintained in accordance with Service Level Specification and Method Statements and that the Facilities comply with the Authority's Construction Requirements and Sub-hubco's Proposals (including, without limitation, the renewal or replacement of any Plant or equipment) throughout the Project Term;
"Malicious Damage Report"	has the meaning given in Clause 49A.2.1;
"Management Survey"	means the document entitled "ASBESTOS SURVEY REPORT: Pulteneytown Primary School, Seaforth Avenue, Wick" prepared by Assist Facilities Management in the Agreed Form for the Authority, a copy of which is included within the Authority's Construction Requirements
"Medium Value Change"	has the meaning given in Schedule Part 16 (<i>Change Protocol</i>);
"Method Statements"	means the method of providing a Service as set out or identified in Section 2 (<i>Method Statements</i>) of Schedule Part 12 (<i>Service Requirements</i>) as amended from time to time in accordance with Clause 33 (<i>Change Protocol</i>) and Clause 22 (<i>The Services</i>);
"Minute of Partial Renunciation of Head Lease"	means the minute of partial renunciation of head lease to be entered into between Sub-hubco and the Authority pursuant to Clause 9.30 in the Agreed Form
"Minute of Partial Renunciation of Sub-Lease"	means the the minute of partial renunciation of sub lease to be entered into between Sub-hubco and the Authority pursuant to Clause 9.30 in the Agreed Form
"Monthly Service Payment"	has the meaning given in Schedule Part 14 (<i>Payment Mechanism</i>);
"Monthly Service Report"	means a monthly report to be prepared by Sub-hubco and provided to the Authority in accordance with the relevant provisions in Section 1 (<i>Service Level Specification</i>) of Schedule Part 12 (<i>Service Requirements</i>);

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"Notices of Title"	means the Notices of Title by the Authority in respect of part of the site in the Agreed Form
"Operational Functionality"	means the following matters:- <ul style="list-style-type: none"> (a) points of access to and within the educational establishment and departments in each relevant building forming part of the Facilities; (b) the relationship between the buildings forming the Facilities; and (c) adjacencies between the educational establishment and departments and rooms and, where relevant, between departments within the Facilities, <p>but only in so far as the above relate to or affect the provision of educational services and/or the other services to be provided from or made available at the Facilities;</p>
"Operational Functionality List"	means the list so entitled in the Agreed Form
"Operational Insurances"	means the insurances required by Clause 53.2 and "Operational Insurance" means any one of such insurances;
"Operational Term"	means, in respect of a Phase, the period from the Phase Actual Completion Date until the end of the Project Term;
"Option Period"	has the meaning given in Clause 53.14.3 (<i>Uninsurable Risks</i>);
"Original Senior Commitment"	means the amount committed under the Senior Funding Agreements as at Financial Close (as adjusted to take into account any Qualifying Change);
"Outline Commissioning Programme"	means the programme setting out the standards, specifications, procedures and other requirements for the carrying out and completion of the commissioning activities of the parties set out in outline in Schedule Part 10 (<i>Outline Commissioning Programme</i>);
"Participant"	has the meaning given in the Territory Partnering Agreement;
"Payment Commencement Date"	means the Phase 1 Actual Completion Date;
"Payment Mechanism"	means Schedule Part 14 (<i>Payment Mechanism</i>);
"Performance Failure"	has the meaning given in Section 1 of Schedule Part 14 (<i>Payment Mechanism</i>);
"Performance Guarantees"	means the guarantees to Sub-hubco in respect of the Construction Contract and the Service Contract which, as at the date of this Agreement are in the Agreed Form;
"Permitted Borrowing"	means without double-counting, any:

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

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

"Phase" means, as the context may require, Phase 1, Phase 1A, Phase 2 and/or Phase 3 as described in the Authority's Construction Requirements and **"Phases"** shall be construed accordingly;

"Phase 1" means Phase 1, details of which are set out in Section 9 of Schedule Part 6 (Construction Matters) as more particularly described in the Authority's Construction Requirements;

"Phase 1 Actual Completion Date" means the later of:

- (a) the date of the Certificate of Practical Completion issued by the Independent Tester in respect of Phase 1 pursuant to Clause 17.12; and
- (b) subject to Clause 14.5, the Phase 1 Completion Date;

"Phase 1 Completion Date" means (subject to Clause 29 (*Delay Events*)) 16 September 2016 or such other date as the parties may agree;

"Phase 1 Site" means the land made available to Sub-hubco for Phase 1 as shown hatched green and hatched blue on the Phase 1 Site plan in the Agreed Form

"Phase 1A" means Phase 1A , details of which are set out in Section 9 of Schedule Part 6 (Construction Matters) as more particularly described in the Authority's

	Construction Requirements;
"Phase 1A Actual Completion Date"	means the later of: <ul style="list-style-type: none"> (a) the date of the Certificate of Practical Completion issued by the Independent Tester in respect of Phase 1A pursuant to Clause 17.12; and (b) subject to Clause 14.5, the Phase 1A Completion Date;
"Phase 1A Completion Date"	means (subject to Clause 29 (<i>Delay Events</i>)) 21 October 2016 or such other date as the parties may agree;
"Phase 1A Site"	means the land made available to Sub-hubco for Phase 1A as shown outlined by a dotted orange line on the Phase 1A Site plan in the Agreed Form
"Phase 2"	means Phase 2 , details of which are set out in Section 9 of Schedule Part 6 (Construction Matters) as more particularly described in the Authority's Construction Requirements;
"Phase 2 Actual Completion Date"	means the later of: <ul style="list-style-type: none"> (a) the date of the Certificate of Practical Completion issued by the Independent Tester in respect of Phase 2 pursuant to Clause 17.12; (b) subject to Clause 14.5, the Phase 2 Completion Date;
"Phase 2 Completion Date"	means (subject to Clause 29 (<i>Delay Events</i>)) 28 April 2017 or such other date as the parties may agree;
"Phase 2 Site"	means the land made available to Sub-hubco for Phase 2 as shown hatched orange and the area hatched green on the Phase 2 Site plan in the Agreed Form
"Phase 2 Works Longstop Date"	means the date falling four (4) months after the Phase 2 Completion Date;
"Phase 3"	means Phase 3 , details of which are set out in Section 9 of Schedule Part 6 (Construction Matters) as more particularly described in the Authority's Construction Requirements;
"Phase 3 Actual Completion Date"	means the later of: <ul style="list-style-type: none"> (c) the date of the Certificate of Practical Completion issued by the Independent Tester in respect of Phase 3 pursuant to Clause 17.12; (d) subject to Clause 14.5, the Phase 3 Completion Date;
"Phase 3 Completion Date"	means (subject to Clause 29 (<i>Delay Events</i>)) 26 October 2018 or such other date as the parties may

	agree;
"Phase 3 Site"	means the land made available to Sub-hubco for Phase 3 as shown hatched green on the Phase 3 Site plan in the Agreed Form
"Phase Actual Completion Date"	means, as the context may require, the Phase 1 Actual Completion Date, the Phase 1A Actual Completion Date, the Phase 2 Actual Completion Date and/or the Phase 3 Actual Completion Date;
"Phase Completion Date"	means, as the context may require, the Phase 1 Completion Date, the Phase 1A Completion Date, the Phase 2 Completion Date, and/or the Phase 3 Completion Date;
"Physical Damage Policies"	means the policies of insurance referred to in paragraph 1 (<i>Contractors' 'All Risk' Insurance</i>) of Section 1 (<i>Policies to be Taken Out by Sub-hubco and Maintained During the Design and Construction Phase</i>) and paragraph 1 (<i>Property Damage</i>) of Section 2 (<i>Policies to be Taken Out By Sub-hubco and Maintained from the Actual Completion Date</i>) of Schedule Part 15 (<i>Insurance Requirements</i>);
"Planning Acts"	means every law for the time being in force by virtue of the Town and Country Planning (Scotland) Act 1997, the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997, the Planning (Hazardous Substances) (Scotland) Act 1997, the Planning (Consequential Provisions) (Scotland) Act 1997, the Planning, etc. (Scotland) Act 2006, and the Building (Scotland) Acts 1959 to 1970 and 2003 and any other or future legislation of a similar nature;
"Planning Approval"	means detailed planning consent for the Project dated 12 August 2013 as varied by Variation No 1 dated 12 February 2014 each as set out at Section 1 (Planning/Consents) of Schedule Part 6 (Construction Matters);
"Planning Permission"	means any planning permission, approval of reserved matters, listed building consent, conservation areas consent and/or other consent or approval reasonably required from time to time for construction and/or operation of the Facilities (including without limitation for any Authority Change and the Planning Approval);
"Plant"	means the infrastructure systems, building systems, fixed, and immovable equipment systems, installed as part of the Works or pursuant to an Authority Change as replaced from time to time;
"Post Completion Commissioning"	means, as appropriate, Sub-hubco's Post Completion Commissioning and/or the Authority's Post Completion Commissioning;
"Pounds Sterling"	means the currency issued by the Bank of England from time to time;

"Professional Team"		means: Ryder Architecture Limited (registered under number 01852938) whose registered office is Cooper's Studios , 14-18 Westgate Road, Newcastle Upon Tyne, NE1 3NN and Buro Happold Limited (registered under number 02049511) whose registered office is at Camden Mill, Lower Bristol Road, Bath, Somerset, BA2 3DQ as mechanical and structural engineer and structural engineer, or any replacement thereto appointed from time to time by the Contractor;
"Professional Team Collateral Agreements"		means the collateral agreement between the Authority and each of the Professional Team in the relevant form set out in Section 3 of Schedule Part 9 (<i>Collateral Agreement</i>);
"Programme"		means the programme set out in Schedule Part 7 (<i>The Programme</i>) as revised and issued by Sub-hubco (or on its behalf) from time to time pursuant to Clause 14 (<i>Programme and Dates for Completion</i>);
"Programmed Maintenance"		means the maintenance work which Sub-hubco is to carry out in accordance with Schedule of Programmed Maintenance;
"Programmed Maintenance Information"		has the meaning given in Clause 23.3;
"Prohibited Act"		has the meaning given in Clause 44 (<i>Corrupt Gifts and Payments</i>);
"Project"		has the meaning given to it in Recital C;
"Project Data"		means: <ul style="list-style-type: none"> (a) all Design Data; (b) all drawings, reports, documents, plans, software, formulae, calculations and other data relating to the provision of the Services; and (c) any other materials, documents and or data acquired, brought into existence or used in relation to the Project Operations or this Agreement;
"Project Documents"		means the Ancillary Documents and the Funding Agreements;
"Project Operations"		means the carrying out of the Works, the carrying out of Sub-hubco's Pre-Completion Commissioning and Sub-hubco's Post-Completion Commissioning, the management and provision of the Services and the performance of all other obligations of Sub-hubco under this Agreement from time to time;
"Project Term"		means the period commencing at midnight on the date of this Agreement and ending on the earlier of the Expiry Date and the Termination Date;
"Projected Distribution"		means sums that are shown in the Financial Model as being paid to the Investors as Distributions at dates

			after the Relevant Distribution Date;
“Proposed Access Routes”			means the routes shown (i) shaded green and (ii) hatched in brown on the Substation Plan;
“Proposed Cable Routes”			means the routes shown (i) shaded brown and (ii) hatched in brown on the Substation Plan;
“Proposed Distribution”			means the aggregate amount of all Distributions that Sub-hubco proposes to make at the Relevant Distribution Date;
“Proposed Substation Location”	Substation	Chamber	means the location of the proposed internal substation chamber on the lower ground floor of the Building shown outlined in red within the building on the Substation Plan;
“Qualifying Change”			means (unless expressly stated otherwise): <ul style="list-style-type: none"> (a) a Low Value Change in respect of which the parties have agreed the method of implementation; or (b) a Medium Value Change in respect of which the Authority has issued a confirmation notice pursuant to paragraph 7.1.1 of Section 3 (<i>Medium Value Changes</i>) of Schedule Part 16 (<i>Change Protocol</i>); or (c) a High Value Change which has received Stage 2 Approval pursuant to paragraph 8.2.1 of Section 4 (<i>High Value Changes</i>) of Schedule Part 16 (<i>Change Protocol</i>), <p style="margin-left: 40px;">in each case provided that any necessary changes required to be made to any Project Document and/or Ancillary Document pursuant to Schedule Part 16 (<i>Change Protocol</i>) have been given effect to and become unconditional;</p>
“Qualifying Distribution”			has the meaning given in Clause 36.4;
“Quality Plans”			means the Design Quality Plan and Construction Quality Plan, prepared in accordance with Section 8 (<i>Quality Plans (Design and Construction)</i>) of Schedule Part 6 (<i>Construction Matters</i>), and the Services Quality Plan, prepared in accordance with Section 3 (<i>Service Quality Plan</i>) of Schedule Part 12 (<i>Service Requirements</i>), as required to be implemented by Sub-hubco in accordance with Clause 20 (<i>Quality Assurance</i>);
“Range of Finishes”			has the meaning given in paragraph 1.2.3(a) of Schedule Part 8 (<i>Review Procedure</i>);
“Rectification Period”			has the meaning given in Schedule Part 14 (<i>Payment Mechanism</i>);
“Refinancing”			has the meaning given in Schedule Part 23

	(<i>Refinancing</i>);
"Reinstatement Plan"	has the meaning given in Clause 53.22 (<i>Reinstatement</i>);
"Reinstatement Works"	has the meaning given in Clause 53.22.2 (<i>Reinstatement</i>);
"Relevant Authority"	means any court with the relevant jurisdiction and any local, national or supra-national agency, inspectorate, minister, ministry, official or public or statutory person of the government of the United Kingdom, or of the European Union, (or of the Scottish Government or the Scottish Parliament);
"Relevant Change in Law"	has the meaning given in Clause 32.3 (<i>Changes in Law</i>);
"Relevant Debt"	means all sums advanced to Sub-hubco from time to time under a Funding Agreement other than Senior Debt;
"Relevant Distribution Date"	means the Distribution Date at which the Qualifying Distribution in question is proposed to be paid;
"Relevant Event"	has the meaning given in Schedule Part 16 (<i>Change Protocol</i>);
"Relevant Incident"	has the meaning given in Clause 53.22.2 (<i>Reinstatement</i>);
"Relevant Payment"	has the meaning given in Clause 53.14.3;
"Relevant Proceeds"	has the meaning given in Clause 53.22.2 (<i>Reinstatement</i>);
"Relevant Service Transfer Date"	has the meaning given in Clause 25.1;
"Relevant Tax Liability"	has the meaning given in Clause 46.7.3;
"Relief"	has the meaning given in Clause 46.7.1;
"Relief Events"	has the meaning given in Clause 30 (<i>Relief Events</i>);
"Request for Information"	has the meaning set out in the FOI(S)A or the Environmental Information (Scotland) Regulations as relevant (where the meaning set out for the term "request" shall apply);
"Required Action"	has the meaning given in Clause 24.7;
"Reserved Rights"	means the matter referred to in Section 2 (<i>Safety During Construction</i>) of Schedule Part 5 (<i>Land Matters</i>);
"Restricted Person"	means either: <ul style="list-style-type: none"> (a) a person (other than a Participant) providing or proposing to provide education and/or community use services of a similar nature to

those provided or contemplated by or at the invitation of the Authority or any Community Services Provider at the time in question; or

- (b) any person who has a material interest in the production of tobacco products and/or alcoholic beverages;

"Retail Prices Index" or "RPI"

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

"Revenue"

means the projected Unavoidable Fixed Costs and Senior Debt Service Costs of Sub-hubco;

"Reviewable Design Data"

means the Design Data listed at Section 5 (*Reviewable Design Data*) of Schedule Part 6 (*Construction Matters*);

"Revised Senior Debt Termination Amount"

has the meaning given in Section 6 (*Definitions*) of Schedule Part 17 (*Compensation on Termination*);

"Room Data Sheets"

has the meaning given in Section 6 (*Room Data Sheets*) of Schedule Part 6 (*Construction Matters*);

"Scottish Futures Trust"

means Scottish Futures Trust Limited (Company Number SC348382), having its registered office at 1st Floor, 11-15 Thistle Street, Edinburgh EH2 1DT;

"Schedule of Programmed Maintenance"

means the programme referred to in Clause 23.1 to be submitted to the Authority's Representative by Sub-hubco in accordance with Schedule Part 8 (*Review Procedure*);

"School"

means the high school and/or the primary school (as the context may require) forming part of the Facilities;

"School Day"

means each day that the Authority requires the use of the Facilities for the delivery of Community Services in any Academic Year;

"School Hours"

means 0745 to 1800 each School Day;

"Second Party"

has the meaning given in Clause 35.3;

"Second Threshold Excess"

means the portion, if any, of a Proposed Distribution that would, if paid to the Investors on the Relevant Distribution Date, result in the Investor Return being in excess of the Second Whole Life Threshold Return;

"Second Whole Life Threshold Return"	means 13.5%;
"Security Trustee"	has the meaning given to it in the Funders' Direct Agreement;
"Senior Debt"	has the meaning given in Section 6 (<i>Definitions</i>) of Schedule Part 17 (<i>Compensation on Termination</i>);
"Senior Debt Service Costs"	means interest and debt service costs incurred in respect of the Senior Funding Agreements less: <ul style="list-style-type: none"> (a) sums which are in arrears; (b) all sums reserved by Sub-hubco and which Sub-hubco is entitled to use to make such payments, without breaching the Senior Funding Agreements;
"Senior Funders"	means Aviva Public Private Finance Limited (registered number 02334210) and whose registered office is at 2 Rougier Street, York YO90 1UU;
"Senior Funding Agreements"	means the documents identified as Attachment D as Initial Senior Funding Agreements at the date of this Agreement as amended as permitted under Clause 4 (<i>Project Documents</i>);
"Service Contract"	means the contract dated the same date as this Agreement between Sub-hubco and the Service Provider (which as at the date of this Agreement are in the Agreed Form), by which Sub-hubco will procure the performance of the Services (as amended or replaced from time to time in accordance with this Agreement);
"Service Event"	has the meaning given in Schedule Part 14 (<i>Payment Mechanism</i>);
"Service Level Specification"	means the requirements of the Authority set out in Section 1 (<i>Service Level Specification</i>) of Schedule Part 12 (<i>Service Requirements</i>) as amended from time to time in accordance with Clause 33 (<i>Change Protocol</i>);
"Service Provider"	means Galliford Try Building Limited (trading as Galliford Try Facilities Management) or any other person engaged by Sub-hubco from time to time as may be permitted by this Agreement to procure the provision of the Services (or any part of them);
"Service Provider Collateral Agreements"	means the collateral agreement among the Authority, Sub-hubco and the Service Provider in the form set out in Section 2 of Schedule Part 9 (<i>Collateral Agreements</i>);
"Services"	means the services to be provided, managed and/or procured by Sub-hubco for the Authority in accordance with Schedule Part 12 (<i>Service Requirements</i>) as subsequently amended or adjusted in accordance with this Agreement;

"Services Quality Plan"	means the document set out in Section 3 (<i>Services Quality Plan</i>) of Schedule Part 12 (<i>Service Requirements</i>);
"Shareholder(s)"	means any person(s) who from time to time, as permitted by this Agreement, holds share capital in Sub-hubco or hubco which persons are, as at the date of this Agreement, listed as such in Schedule Part 21 (<i>Sub-hubco Information</i>);
"Site"	means, as the context requires, the Phase 1 Site, Phase 1A Site, the Phase 2 Site and/or the Phase 3 Site and "Sites" shall be construed accordingly;
"Site Conditions"	means the condition of the Site including (but not limited to) climatic, hydrological, hydrogeological, ecological, environmental, geotechnical and archaeological conditions;
"Snagging Matters"	means minor items of outstanding work (including in relation to landscaping) which would not materially impair the Authority's use and enjoyment of the Facilities or the carrying out by the Authority or a Community Services Provider of the Community Services or the performance of the Services by Sub-hubco;
"Snagging Notice"	means the notice to be issued by the Independent Tester in accordance with Clause 17.14;
"Specific Change in Law"	means any Change in Law which specifically refers to: <ul style="list-style-type: none"> (a) the provision of works or services the same as or similar to the Works or the Services in premises similar to the Facilities; or (b) the holding of shares in companies whose main business is providing works or services the same as or similar to the Works or the Services in premises similar to the Facilities;
"SRS Timetable"	has the meaning given in Clause 23.16;
"Sub-Contractor"	means any third party (including the Contractor and a Services Provider) who enters into any Sub-Contract;
"Sub-Contracts"	means the contracts entered into by or between Sub-hubco, the Contractor and/or a Service Provider and other third parties in relation to any aspect of the Project Operations;
"Sub-hubco Event of Default"	has the meaning given in Clause 40 (<i>Sub-hubco Events of Default</i>);
"Sub-hubco-Party"	means Sub-hubco's agents and contractors (including without limitation the Contractor and the Service Providers) and its or their sub-contractors of any tier and its or their directors, officers, employees and workmen in relation to the Project and "Sub-hubco

Parties” shall be construed accordingly;

“Sub-hubco’s Commissioning”	Post-Completion	means Sub-hubco’s commissioning activities carried out in accordance with Clause 18.1;
“Sub-hubco’s Commissioning”	Pre-Completion	means Sub-hubco’s commissioning activities carried out in accordance with Clause 17 (<i>Pre-Completion Commissioning and Completion</i>);
“Sub-hubco’s Proposals”		means the document at Section 4 (<i>Sub-hubco’s Proposals</i>) of Schedule Part 6 (<i>Construction Matters</i>) as amended from time to time in accordance with Clause 33 (<i>Change Protocol</i>);
“Sub-hubco’s Remedial Services”		means any activities to be performed by or on behalf of Sub-hubco pursuant to its rights under Clause 23.15;
“Sub-hubco’s Representative”		means the person appointed by Sub-hubco pursuant to Clause 8 (<i>Representatives</i>);
“Sub-Lease”		means, in respect of the Site, the Sub-Lease to the entered into between Sub-hubco and the Authority in the Agreed Form, as more particularly described therein, with such variations and/or additions as may be agreed by Authority and Sub-hubco from time to time;
“Subordinated Debt”		has the meaning given in Section 6 (<i>Definitions</i>) of Schedule Part 17 (<i>Compensation on Termination</i>);
“Subordinated Funder”		means, in the context of the provisions of Clause 36 (<i>IRR Sharing and Cap</i>), any party providing Relevant Debt, and otherwise has the meaning given in Schedule Part 23 (<i>Refinancing</i>);
“Subsidiary”		has the meaning given to it in section 1159 of the Companies Act 2006;
“Substation”		means the internal electricity substation and cabling for the provision of electricity to the Building to facilitate the purpose of this Agreement;
“Substation Chamber”		means an internal substation chamber to be installed within the Building to house the Substation;
“Substation Lease”		means substation lease in the Agreed Form but at the option of the Authority amended to include “lift and shift” provisions in terms acceptable to the Authority (acting reasonably);
“Substation Plan”		means the plan titled “Block B Substation” plan with drawing number 051-09-Rev03 in the Agreed Form;
“Suitable Substitute Contractor”		has the meaning given in Section 6 (<i>Definitions</i>) of Schedule Part 17 (<i>Compensation on Termination</i>);
“Termination Date”		means the date on which termination of this Agreement takes effect in accordance with its terms;
“Title Conditions”		means title conditions set out in Section 1 of Schedule Part 5 (<i>Land Matters</i>);

“TPL Risk”

means a risk which is required to be insured under the third party liability insurance policy;

“Transfer Regulations”

means the Transfer of Undertaking (Protection of Employment) Regulations 2006 (SI No. 246);

“Unavoidable Fixed Costs”

means the fixed costs incurred by Sub-hubco which first fall due for payment by Sub-hubco during the period of indemnity but excluding:

- (a) costs which could have reasonably been mitigated or avoided by Sub-hubco;
- (b) payments to Sub-hubco's Associated Companies;
- (c) payments which are not entirely at arm's length;
- (d) payments to holders of equity in Sub-hubco, providers of Subordinated Debt and any other financing costs other than Senior Debt Service Costs
- (e) indirect losses suffered or allegedly suffered by any person;
- (f) fines, penalties or damages for unlawful acts, breaches of contract or other legal obligations;
- (g) payments Sub-hubco can recover under contract or in respect of which Sub-hubco has a remedy against another person in respect of the same liability;
- (h) payments to the extent that Sub-hubco has available to it including:
- (i) reserves which Sub-hubco can draw upon without breaching the Senior Funding Agreements;
- (j) standby or contingent facilities or funds of Senior Debt or equity which Sub-hubco is entitled to have available;
- (k) payments representing any profits of the Project (to the extent not already excluded in (e) above);

“Uninsurable”

means, in relation to a risk, either that:

- (a) insurance is not available to Sub-hubco in respect of the Project in the worldwide insurance market with reputable insurers of good standing in respect of that risk; or
- (b) the insurance premium payable for insuring that risk is at such a level that the risk is not

generally being insured against in the worldwide insurance market with reputable insurers of good standing by contractors in the United Kingdom;

"Unprogrammed Maintenance Work"	has the meaning given in Clause 23.8;
"Unreasonable Act"	means any act or omission which is contrary to any reasonable instruction, guidance or rules for the operation or management of the Facilities;
"Utilities"	has the meaning given in the Service Level Specification;
"VAT"	means value added tax at the rate prevailing at the time of the relevant supply charged in accordance with the provisions of the Value Added Tax Act 1994;
"VAT Sum"	has the meaning given in Clause 35 (<i>VAT and Construction Industry Tax Deduction Scheme</i>);
"Vitiating Act"	has the meaning given in Endorsement 2, Section 3 (<i>Endorsement</i>) of Schedule Part 15 (<i>Insurance Requirements</i>);
"Warning Notice"	means a notice validly served by the Authority's Representative on Sub-hubco under Clause 24.3 (<i>Warning Notices</i>), specifying that it is a Warning Notice and setting out the circumstances that have given rise to the issue thereof;
"Wick Community Facility"	means the community facility forming part of the Facilities;
"Works"	means the design (including the preparation of all Design Data), construction, testing, commissioning and completion of the Facilities (including any temporary works) and the installation of Equipment to be performed by Sub-hubco in accordance with this Agreement (as varied, amended or supplemented from time to time in accordance with this Agreement).

SECTION 2

INTERPRETATION

This Agreement shall be interpreted according to the following provisions, unless the context requires a different meaning:

- 1 The headings and marginal notes and references to them in this Agreement shall be deemed not to be part of this Agreement and shall not be taken into consideration in the interpretation of this Agreement.
- 2 Except where the context expressly requires otherwise, references to Clauses, Sub-clauses, paragraphs, sub-paragraphs and parts of the Schedule are references to Clauses, Sub-clauses, paragraphs, sub-paragraphs and parts of the Schedule to this Agreement and references to Sections, Appendices and Attachments (if any) are references to Sections, Appendices and Attachments to or contained in this Agreement.
- 3 The Schedule and Attachments (if any) to this Agreement are integral parts of this Agreement and a reference to this Agreement includes a reference to the Schedule and the Attachments (if any).
- 4 Words importing persons shall, where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governments, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisations having legal capacity.
- 5 Where the context so requires words importing the singular only also include the plural and vice versa and words importing the masculine shall be construed as including the feminine or the neuter or vice versa.
- 6 The language of this Agreement is English. All correspondence, notices, drawings, Design Data, test reports, certificates, specifications and information shall be in English. All operating and maintenance instructions, name plates, identification labels, instructions and notices to the public and staff and all other written, printed or electronically readable matter required in accordance with, or for purposes envisaged by, this Agreement shall be in English.
- 7 Save where stated to the contrary, references to any agreement or document include (subject to all relevant approvals and any other provisions of this Agreement concerning amendments to agreements or documents) a reference to that agreement or document as amended, supplemented, substituted, novated or assigned.
- 8 References to any Law are to be construed as references to that Law as from time to time amended or to any Law from time to time replacing, extending, consolidating or amending the same provided that the provisions of this paragraph shall be without prejudice to the operation of Clause 32 (*Changes in Law*) and Schedule Part 16 (*Change Protocol*) which shall operate in relation to a Change in Law on the basis set out in this Agreement.
- 9 Without prejudice to Clause 57.1, references to a public organisation (other than the Authority) shall be deemed to include a reference to any successor to such public organisation or any organisation or entity which has taken over either or both the relevant functions and relevant responsibilities of such public organisation.
- 10 Without prejudice to Clause 57.1, references to other persons (other than the Authority and Sub-hubco) shall include their successors and assignees.
- 11 References to a deliberate act or omission of the Authority or any Authority Party shall be construed having regard to the interactive nature of the activities of the Authority and of Sub-hubco and the expression shall exclude acts or omissions which were within the contemplation of the parties or which were otherwise provided for in this Agreement.

- 12 The words in this Agreement shall bear their natural meaning. The parties have had the opportunity to take legal advice on this Agreement and no term shall, therefore, be construed contra proferentem.
- 13 Reference to "parties" means the parties to this Agreement and references to "a party" mean one of the parties to this Agreement.
- 14 In construing this Agreement, the rule known as the ejusdem generis rule shall not apply nor shall any similar rule or approach to the construction of this Agreement and accordingly general words introduced or followed by the word "other" or "including" or "in particular" shall not be given a restrictive meaning because they are followed or preceded (as the case may be) by particular examples intended to fall within the meaning of the general words.
- 15 All of Sub-hubco's obligations, duties and responsibilities shall be construed as separate obligations, duties and responsibilities owed to the Authority and to be performed at Sub-hubco's own cost and expense.
- 16 Unless expressly stated otherwise, references to amounts or sums expressed to be "index linked" are references to amounts or sums in August 2014 ("**Base Date**") prices which require to be adjusted whenever the provision containing the amount or sum is given effect in accordance with this Agreement to reflect the effects of inflation after that date. The adjustment shall be measured by changes in the relevant index published for that Contract Year as calculated in accordance with the following formula:

$$\text{Amount or sum in August 2014 prices} \times \frac{RPI_d}{RPI_0}$$

Where RPI_d is the value of the Retail Prices Index published or determined with respect to the month of February most recently preceding the date when the provision in question is to be given effect and RPI_0 is the value of the Retail Prices Index in respect of August 2014 being 257.0.

- 17 Reference to a document being in the Agreed Form is a reference to the form of the relevant document (or, where appropriate, the form of relevant document on disc) or entered into on or around the date of this Agreement agreed between the parties and for the purpose of identification initialled by each of them or on their behalf.
- 18 The operation of the Housing Grants, Construction and Regeneration Act 1996 upon any Project Document shall not affect the rights or obligations of the parties under this Agreement.
- 19 Words in parenthesis and italics appearing after a Clause reference or a reference to a Schedule Part are inserted for ease of reference only. If there is any discrepancy between the Clause reference and the words appearing in parenthesis and italics after the Clause reference, the Clause reference shall prevail.
- 20 Where this Agreement states that an obligation shall be performed "no later than" or "within" or "by" a prescribed number of Business Days after a stipulated date or event, or "no later than" or "by" a stipulated date or event which is a prescribed number of Business Days after a stipulated date or event, the latest time for performance shall be 5pm on the last Business Day for performance of the obligations concerned.
- 21 Where this Agreement states that an obligation shall be performed "no later than" or "within" or "by" a prescribed number of Business Days before a stipulated date or event, or "no later than" or "by" a stipulated date or event which is a prescribed number of Business Days before a stipulated date or event, the latest time for performance shall be 5pm on the last Business Day for performance of the obligations concerned.