

SCHEDULE 4.1
IMPLEMENTATION

VERSION CONTROL

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SCHEDULE 4.1 – IMPLEMENTATION

1. BACKGROUND

This Schedule 4.1 contains provisions relating to Network Deployment, Testing, Milestone Achievement, the Implementation Plan, the Project Plan, the Milestone M0 process and application of the Premises Cap.

2. GENERAL SUPPLIER OBLIGATIONS

2.1 In addition to its other applicable obligations set out elsewhere in this Contract, the Supplier shall:

- 2.1.1 ensure it Achieves each Milestone by the associated Milestone Date;
- 2.1.2 perform such activities, functions and services as are necessary to perform Network Deployment in accordance with the Implementation Plan and the Project Plan;
- 2.1.3 perform Testing in accordance with paragraph 7, the Test Strategy, the Implementation Plan and the Project Plan;
- 2.1.4 be responsible for the overall management and delivery of Network Deployment, the Implementation Plan and the Project Plan;
- 2.1.5 appoint an appropriately qualified single point of contact who shall be responsible for Network Deployment and identified as Key Personnel;
- 2.1.6 identify and manage the resolution of any problems encountered in relation to Network Deployment in order to ensure the timely and effective completion of each task; and
- 2.1.7 develop and adhere to appropriate risk mitigation plans (copies of which shall be provided to the Authority).

3. MILESTONES

3.1 Subject to Clauses 5.5, 19 and 59, the Supplier shall ensure that each Milestone is Achieved on or before the associated Milestone Date in accordance with the procedure set out in paragraph 6.

3.2 The Milestone Achievement Criteria for each Milestone type are set out in Appendix 1.

4. IMPLEMENTATION PHASES

4.1 Network Deployment is comprised of Phases. Each Phase is a set of activities which shall facilitate the delivery of Network Deployment enabling availability of Wholesale Access Products and Services in the Coverage Area. The Phases and Milestones are detailed in the Implementation Plan.

4.2 Ongoing delivery by the Supplier against the Phases and individual Milestones shall be monitored by the governance meetings under Schedule 6.1 (Governance).

5. **IMPLEMENTATION PLAN AND PROJECT PLAN**

5.1 The Implementation Plan and the Project Plan shall be maintained in accordance with this paragraph 5.

5.2 At the Effective Date:

5.2.1 the Implementation Plan has been agreed by the Parties and is set out at Appendix 2; and

5.2.2 the first version of the Project Plan has been agreed by the Parties and its document reference is set out at Appendix 2.

5.3 The Supplier shall ensure that:

5.3.1 the Implementation Plan continues to comprise the level of detail provided in its initial version;

5.3.2 the Project Plan continues to comprise, at a minimum for the then current and next Phase, such planning data as is reasonably necessary to provide identification and notice of the individual Deployed Service activities in order to support the practical operation of this Contract and tracking of the progress of the Deployed Services.

5.4 ~~Save to the extent expressly otherwise provided in paragraphs 8 to 10 of this Schedule, changes~~ Changes to the Implementation Plan and the Project Plan shall ~~otherwise~~ be dealt with as follows:

5.4.1 Any amendment to the Implementation Plan must be agreed by the Parties in accordance with the Change Control Procedure, including the timings specified in that procedure.

5.4.2 Any update to the Project Plan may be agreed in writing by suitably authorised representatives of each Party without recourse to the Change Control Procedure, provided such amendments remain consistent with the then current Implementation Plan. ~~Until such agreement is obtained, the then currently agreed Project Plan shall continue to apply.~~

5.5 The Supplier shall establish an appropriate version control procedure so as to ensure that the agreed version of the Project Plan is made available to the Authority at all times.

6. **MILESTONE ACHIEVEMENT PROCEDURE**

6.1 The procedure described in this paragraph 6 shall apply to the Achievement of each Milestone.

6.2 On a monthly basis (at least 5 Working Days prior to the scheduled monthly Build/Roll out meeting between the Parties pursuant to Schedule 6.1) the Supplier shall provide the Authority with a Milestone Achievement Progress Report setting out at a summary level the progress made to Achieving the forthcoming Milestone(s), including anticipated dates of Achievement, any significant financial and deployment risks then known by the Supplier, and planning application and way-leave status.

6.3 The Supplier shall not more than twenty (20) Working Days following the later of:

6.3.1 the Milestone Date for each Milestone; and

6.3.2 the date on which the corresponding (minimum) number of End User Premises for that Milestone have been covered by the Supplier Solution,

provide the Authority with a final Milestone Achievement Report which details the Supplier's Achievement of the relevant Milestone.

- 6.4 The Supplier shall ensure that each final Milestone Achievement Report and its supporting evidence are sufficiently detailed to enable the Authority to assure the extent of the Achievement of the Milestone.
- 6.5 The Authority shall within ten (10) Working Days of receipt of each final Milestone Achievement Report that complies with the requirements of this Schedule either:
- 6.5.1 issue a Milestone Achievement Certificate confirming that the relevant Milestone has been Achieved; or
- 6.5.2 notify the Supplier in writing that the Authority considers that the relevant Milestone has not been Achieved and provide supporting reasons.
- 6.6 If the Authority notifies the Supplier in accordance with paragraph 6.5.2 then, without prejudice to the Authority's rights and remedies under this Contract in relation to the Achievement of Milestones, the Parties shall as soon as practicable meet to discuss the Achievement of the relevant Milestone and (subject to paragraph 6.9) agree an appropriate course of action which may include compliance with the Remedial Plan Process. Unless the Authority elects to issue a conditional Milestone Achievement Certificate in respect of a Milestone in accordance with Clause 18, the Authority shall issue a Milestone Achievement Certificate only if and when the relevant Milestone has been Achieved.
- 6.7 The Authority may, acting reasonably, require the provision by the Supplier of clarificatory information in relation to the specific evidence requirements noted in Appendix 1 in order to assure the extent of the Achievement of the Milestone.
- 6.8 In the event that the Parties fail to agree whether or not the relevant Milestone has been Achieved then the matter shall be treated as a Dispute which the Parties shall attempt to resolve in accordance with the Dispute Resolution Procedure.
- 6.9 The Supplier shall not be entitled to submit an invoice to the Authority for a Milestone Payment (in accordance with Schedule 5.1 (Milestone Payments and Claims Procedure)) until such time as the relevant Milestone has been Achieved and the Authority has issued a Milestone Achievement Certificate in respect of the relevant Milestone.
- 6.10 The date of Achievement of a Milestone is the date on which the Authority signs the Milestone Achievement Certificate. In the case of a Milestone Achievement Certificate for the final NGA M2, this Authority signature date also represents the Full Service Commencement Date.

7. TESTING

- 7.1 The Supplier shall undertake Testing in accordance with this paragraph 7, the Test Strategy and the Service Requirements.
- 7.2 Any Testing shall be without prejudice to the Authority's rights and remedies set out elsewhere in this Contract and the passing of any Test shall not relieve the Supplier from complying with its other obligations in this Contract.

7.3 **Test Strategy**

- 7.3.1 The version of the Test Strategy agreed at the Effective Date is set out in Schedule 3.1 (Supplier Solution).
- 7.3.2 The Supplier shall ensure that the testing procedures specified in the Test Strategy for Milestone Types and Solution Components are applied in respect of testing under this Contract.
- 7.3.3 The Test Strategy shall include:
- (a) an overview of how Testing shall be conducted in relation to the Implementation Plan and the Project Plan;
 - (b) full details of the testing (where applicable) of each Solution Component and Milestone type, including the Test Success Criteria for each applicable Test;
 - (c) the process to be used to capture and record Test results and Test issues and a procedure for the resolution of Test issues;
 - (d) the method for mapping the expected Test results to the Test Success Criteria;
 - (e) the names and contact details of the Authority's and the Supplier's Test representatives; and
 - (f) a high level identification of the resources required for Testing, including facilities, infrastructure, personnel and/or the third party involvement in the conduct of the Tests.
- 7.3.4 No later than 20 Working Days prior to the planned start date for a Phase, the Supplier shall provide to the Authority for approval an updated Test Strategy (to the extent such updates are required taking into account the existing content of the Test Strategy) providing full details for that Phase in accordance with paragraph 7.3.3.
- 7.3.5 As soon as reasonably practicable and in any event within five (5) Working Days of receipt the Authority shall notify the Supplier that it either approves the updates to the draft Test Strategy (in which case it shall become the Test Strategy for the purpose of this Contract) or, acting reasonably, requires the draft Test Strategy to be amended and/or developed further (in which case the Supplier shall provide such revised drafts as is necessary, taking into account any reasonable comments provided by the Authority, until the Test Strategy is approved by the Authority). The Authority's approval of any Test Strategy shall not be unreasonably withheld or delayed.

7.4 **Test Attendance**

- 7.4.1 The Supplier shall notify the Authority when any Test Item is in such state, form and completeness as to be ready for Testing. The Supplier shall give such notice at least five (5) Working Days prior to the date for commencing the applicable Testing.
- 7.4.2 The Authority shall be entitled but is not obliged to attend any Test. Where the Authority has notified the Supplier in writing providing not less than three (3) Working Days prior to commencement of the Test that it wishes to attend a particular Test, the Supplier shall facilitate such attendance. Subject to the Supplier's compliance with this paragraph 7.4, the Authority's non-

attendance at a Test shall not prevent completion of the Test by the Supplier.

8. MILESTONE M0 REVIEW PROCESS

8.1 Commencement of Network roll-out (build) for a Phase cannot commence before Achievement of the corresponding Milestone Type 0, save as otherwise expressly provided [in paragraph 8.10 below](#).

8.2 In accordance with [and without limitation to](#) the Achievement Criteria specified in Appendix 1 to this Schedule, Achievement of a Milestone Type 0 requires ~~-(i)~~ completion by the Supplier and approval by the Authority of detailed Supplier Solution design and implementation planning for that Phase ~~;~~ [and \(ii\) approval of any corresponding Contract Changes](#), in accordance with this Paragraph 8.

8.3 The Supplier shall in the course of the Milestone [Type 0](#) process for each Phase:

8.3.1 conduct Post-Effective Date Surveys to verify the condition of the actual Service Environment for that Phase; and

8.3.2 review in detail the planned Deployed Services, including associated solution, implementation and cost planning for that Phase.

8.4 The Supplier shall ~~;~~ following completion of the ~~Post-Effective Date Surveys activities noted in paragraph 8.3 above~~, provide the Authority with:

8.4.1 confirmation that the Post-Effective Date Surveys and Deployed Services review have been completed;

8.4.2 its assessment of whether (a) no Contract change is required at all; or (b) ~~(i)~~ ~~no~~ Contract change is required ~~other than~~ [\(separately identifying the changes as \(i\) Permitted SCT Changes and/or; \(ii\) Build/No Build Changes; and/or \(iii\) Contract change is required outside of Permitted SCT Changes and Build/No Build Changes as a result of divergence from the Survey Assumptions other Contract Changes\)](#); and

8.4.3 the supporting evidence for Milestone M0 as identified in Appendix 1 to this Schedule. This evidence must be in sufficient detail to support Authority verification of the findings of the Post-Effective Date Surveys and analysis of any proposed Contract ~~change~~[Change](#).

8.5 In the event the Supplier indicates that no change is required to the Contract as a result of the M0 process, the M0 Milestone Achievement procedure will then progress from the step at paragraph 6.5 of this Schedule.

8.6 Where and to the extent ~~the Supplier indicates that the only Contract change required as a result of the M0 process is Permitted SCT Changes and/or Build/No Build Changes~~[Changes are proposed by the Supplier, the requirements of paragraph 9 shall apply without requirement to further apply the steps in paragraphs 8.7 to 8.9 and](#) the M0 Milestone Achievement procedure will otherwise progress from the step at paragraph 6.5 of this Schedule ~~;~~[subject to the following](#):

[8.6.1 Permitted SCT Changes - the Authority shall not withhold approval as part of that Milestone Achievement procedure \(unless and to the extent the supporting evidence is incorrect and/or the proposed Permitted SCT Changes are otherwise inconsistent with the requirements of this Contract\)](#);

[8.6.2 Build/No-Build Changes - the Authority may withhold its approval as part of that Milestone Achievement procedure](#);

8.6.3 other Contract changes, the steps in paragraphs 8.7 to 8.9 shall apply.

8.7 Where and to the extent the Supplier indicates that Contract ~~change~~ Change is required and such change is not Permitted SCT Change or Build/No-Build Change, it shall provide a Change Impact Assessment (meeting the requirements of Schedule 6.2 (Change Control Procedure)) covering the following options:

~~8.7.1 — deferral;~~

~~8.7.2 — de-scoping;~~

8.7.1 Deferral to a subsequent Phase;

8.7.2 De-scoping from this Contract;

8.7.3 ~~use~~ Use of contingency funding, if any, made available under Paragraph 13 of Schedule 5.1,

including (i) details of the impact of each option on the Contract; (ii) the identification of the specific material technical or operational risks (if any) associated with the delivery of each option; and (iii) any other matter considered by the Supplier (acting reasonably) to be relevant for the purpose of the Authority's selection.

8.8 The Authority shall as soon as reasonably practicable (and in any event within 10 Working Days) after receipt of the above impact assessment, select (at its sole discretion) one or more (if technically feasible to implement more than one option) of the options. Upon selection of an option:

8.8.1 the Supplier shall raise a Change Request to contractually agree and incorporate this option pursuant to the Change Control Procedure (approval to that Change Request cannot be unreasonably withheld by the Authority); and

8.8.2 the M0 Milestone will thereafter progress ~~in accordance with the Milestone Achievement procedure set out in~~ from the step at paragraph 6.5 of this Schedule.

8.9 With respect to any ~~Contract change as a result of the above process other than Permitted SCT Changes and Build/No-Build Changes, the Supplier shall only be entitled to seek a change~~ Change Request raised pursuant to paragraph 8.8.1, the Authority will only consider granting approval where the Supplier reasonably evidences (i.e. in sufficient detail to allow assessment and assurance by the Authority) that:

8.9.1 ~~The the~~ Post-Effective Date Survey reasonably demonstrates that the actual Service Environment ~~differ~~ differs from those circumstances set out in a relevant Survey Assumption;

8.9.2 ~~The the~~ reason for the Survey Assumption no longer holding true is not due, directly or indirectly, to any act or omission of the Supplier, its Subcontractors and/or agents; and

8.9.3 ~~As as~~ a consequence of the Survey Assumption no longer holding true, the Supplier's costs and/or timetable for provision of the Network are impacted to an extent that cannot be mitigated through Good Industry Practice and that the corresponding changes reflect that impact only.

8.10 To enable progression of roll-out, the Supplier may in the course of the M0 process but in advance of seeking full Achievement of the Milestone, ~~complete the steps at paragraph~~ paragraphs 8.3 and 8.4 in respect of sub-sets of individual Structures within

~~the Phase – The following shall apply with regard to the Supplier proceeding with the build of these Structures; and submit these to the Authority seeking approval to proceed with their build. The Authority shall use all reasonable endeavours to support such progression of roll-out, providing written confirmation within five (5) Working Days of receipt of any such request whether it: (i) approves the request (approval by a duly authorised representative of the Authority); (ii) rejects the request (outlining the basis for such rejection); or (iii) requires, acting reasonably, additional time to consider the request – for the avoidance of doubt, paragraphs 8.6 - 8.9 shall also apply to changes proposed pursuant to this paragraph 8.10 with respect to the sub-sets of individual Structures concerned. Where the Authority grants approval to proceed, the Supplier shall be entitled to progress with build of those Structures subject to the terms of this Agreement. Those Structures shall then be included in the consolidated assessment of Achievement of the M0 Milestone but will be regarded as having satisfied the necessary M0 evidence and approval requirements when conducting that consolidated review.~~

8.11 For Contract Changes other than those already provided for under paragraph 8.8.1, the Change Control Procedure must still be applied to formally update the Contract to reflect Contract Changes approved pursuant to this paragraph 8 within a reasonable period following such approval and in any event sufficiently promptly to ensure that the Contract is updated prior to those changes being relevant for the purposes of Milestone Achievement and/or the application of the MPC process. Where applying the Change Control Procedure in those circumstances, provided and to the extent the updates to the Contract Changes reflect only the prior Authority approved changes then the Authority shall not be entitled to withhold consent to the change. Paragraph 9.5 applies in respect of any corresponding changes to the Project Plan.

~~8.10.1 — Permitted SCT Changes — progression to build is subject to notification to the Authority in accordance with paragraph 9.2;~~

~~8.10.2 — Build/No Build Changes — progression to build is subject to the prior approval of the Authority in accordance with paragraph 9.3;~~

~~8.10.3 — other Contract Changes — progression to build is subject to prior agreement under the Change Control Procedure.~~

~~Where the corresponding consent, approval or agreement (as applicable) requirements in paragraphs 8.10.1 to 8.10.3 have been satisfied for the corresponding Structure(s), the Supplier shall be entitled to progress with build of those Structures subject to the terms of this Agreement. Those Structures shall then be included in the consolidated assessment of Achievement of the M0 Milestone but will be regarded as having satisfied the necessary M0 evidence, planning and consent requirements, for those Structures when conducting that consolidated M0 Milestone Achievement review.~~

8.12 ~~8.11~~ In the event that the Supplier proceeds with Network build without complying with the applicable procedure specified in this paragraph 8 ~~(including paragraph 9 with respect to Permitted SCT Changes and Build/No Build Changes)~~, Qualifying Capital Expenditure for the corresponding Network build cannot be claimed from the Authority nor applied within any of the mechanisms under ~~this~~ Schedule 5.1 (Milestone Payments and Claims Procedure) but the corresponding parts of the Network to which the expenditure relates will otherwise remain subject to the terms of this Agreement.

9. PERMITTED SCT CHANGES AND BUILD/NO-BUILD CHANGES

9.1 "Permitted SCT Changes" are any changes to the Speed and Coverage Template other than any change which:

- 9.1.1 ~~effects~~ affects the cumulative minimum volume of End User Premises within a Speed Category (other than a Speed Category below NGA speed) contracted to be delivered in any Phase;
 - 9.1.2 ~~effects~~ affects any Priority Area;
 - 9.1.3 raises a clear risk with regard to funding source availability in respect of this Contract (where such parameters were specified in the ITT);
 - 9.1.4 comprises a Build/No-Build Change.
- 9.2 Permitted SCT Changes may be made by the Supplier as part of ~~the M0 process and in accordance with the M0 process as described in paragraph 8. Following Achievement of Milestone M0 (or having received approval to proceed for the Structures concerned pursuant to paragraph 8.10), further corresponding Permitted SCT Changes may also be made~~ without immediate recourse to the Change Control Procedure ~~but must be notified in writing to the Authority prior to Achievement of that Milestone, including clear identification of the premises affected by the Permitted SCT Change. In such circumstances, the Supplier must complete the steps at paragraphs 8.3 and 8.4 in respect of the replacement Structures and submit the associated evidence to the Authority for review and approval following an equivalent process to that described in paragraph 8.10.~~ The Change Control Procedure must be applied to formally update the SCT to reflect those changes within a reasonable period following such ~~notification~~ approval and in any event sufficiently promptly to ensure that the Speed and Coverage Template is updated prior to those changes being relevant for the purposes of Milestone Achievement and/or the application of the MPC process. Where applying the Change Control Procedure in those circumstances, provided and to the extent the updates to the Speed and Coverage Template reflect only the prior ~~notified~~ approved Permitted SCT Changes then the Authority shall not be entitled to withhold consent to the change.
- 9.3 Changes in End User Premises classification from NGA build to no build (or vice versa) within the Speed and Coverage Template (~~"Build/No-Build Change") may, provided they~~) that do not fall within the scope of paragraphs 9.1.1 to 9.1.3, ~~also be proposed~~ comprise "Build/No-Build Change". These Build/No-Build Changes may, subject to Authority approval, also be made by the Supplier as part of and in accordance with the Milestone M0 process as well as subsequent to described in paragraph 8. Following Achievement of Milestone M0 for a Phase (or having received approval to proceed for the Structures concerned pursuant to paragraph 8.10) corresponding Build/No-Build Changes may also be proposed in accordance with the process described in paragraph 9.2 above. Such proposed changes are subject to approval in writing by a suitably authorised Authority representative ~~of the Authority~~ in advance of the Supplier ~~conducting~~ commencing the corresponding Deployed Services. The Change Control Procedure must be applied to formally update the SCT to reflect ~~the any~~ approved changes within a reasonable period following such approval, on an equivalent timing basis for application of the Change Control Procedure to that provided in paragraph 9.2.
- ~~9.4 Following Achievement of Milestone M0 for a Phase, Permitted SCT Changes and Build/No-Build Changes may still be made provided:~~
- ~~9.4.1 the processes specified in paragraph 9.2 or 9.3 (as correspondingly applicable) are complied with; and~~
 - ~~9.4.2 there is no change in the Structures being deployed (including any move, replacement or addition).~~
- 9.4 ~~9.5~~ Notwithstanding any other provision of paragraphs 8 or 9 of this Schedule, Permitted SCT Changes and Build/No-Build Change, whether dealt with as part of the M0 process or subsequently, must not:

- 9.4.1 ~~9.5.1~~ require a change to any part of this Contract other than the Speed and Coverage Template and/or Project Plan; or
- 9.4.2 ~~9.5.2~~ increase the cumulative Milestone Payments applicable up to the end of the then current Phase or the aggregate Milestone Payments across Phases.
- 9.5 ~~9.6~~ Where and to the extent changes to the Project Plan are proposed by the Supplier reflecting the impact of ~~notified~~-approved SCT Permitted Changes and/or approved Build/No-Build Changes meeting the requirements of this Schedule 4.1, the Authority shall not withhold agreement under paragraph 5.4.2 to those Project Plan changes, unless the proposed Project Plan changes would be otherwise inconsistent with the terms of this Agreement.
- 9.6 ~~9.7~~ The Supplier shall:
- 9.6.1 ~~9.7.1~~ seek to limit the scope and frequency of SCT Permitted Changes and/or Build/No-Build Changes to that reasonably required to support the efficient and timely roll-out of the Network whilst also supporting the aims of transparency and certainty for the Authority, Programme Authority and other stakeholders;
- 9.6.2 ~~9.7.2~~ maintain and provide to the Authority on request a written log of all Permitted SCT Changes and/or Build/No-Build Change.

10. PREMISES CAP PROCEDURE

- 10.1 Where subsequent to Achieving Milestone M0 for a Phase (or having received approval to proceed for the Structures concerned pursuant to paragraph 8.10) but prior to completion of a Milestone M2 for that Phase, the Supplier reasonably believes that an unexpected cost will result in the Qualifying Capital Expenditure for those End User Premises connected to a Structure affected by the unexpected cost ("**Affected Premises**") exceeding both (i) the Structure cost forecast for the affected End User Premises at M0; and (ii) the Premises Cap (the higher of the two figures (i) or (ii) being the "Upper Cost Cap"), the Supplier shall, subject to this paragraph 10, as soon as is reasonably practicable trigger the ~~Premises Cap~~ procedure described below. In the case of shared infrastructure, the foregoing only applies where the cost per End User Premise for all End User Premises facilitated by this shared infrastructure exceeds on average ~~(i) and (ii)~~ the Upper Cost Cap.
- 10.2 The ~~Premises Cap cost capping~~ procedure described below in this paragraph 10 shall only apply where and to the extent the Supplier can evidence to the Authority that the unexpected cost is a result of further divergence from one or more of the Survey Assumptions due to events or circumstances which could not reasonably have been identified by the Supplier through its application of Good Industry Practice at or before completion of M0 for the relevant Phase or otherwise reasonably mitigated.
- 10.3 In the event that the criteria in paragraphs 10.1 and 10.2 are not satisfied then:
- 10.3.1 the ~~Premises Cap cost capping~~ procedure in this paragraph 10 shall not apply;
- 10.3.2 the Authority shall be under no requirement to agree any form of associated Contract Change or take any other action to address the associated cost impact on the Supplier;
- 10.3.3 the Supplier shall only be permitted to count NGA Network Build Costs up to the ~~lower amount of the Premises Cap or the costs forecast for that Structure at M0~~ Upper Cost Cap (such costs to be claimed in accordance

with the MPC process when the corresponding Milestone is Achieved). All excess costs shall be borne by the Supplier.

- 10.4 In the event that the criteria set out in paragraphs 10.1 and 10.2 are satisfied the Supplier shall first seek to implement an alternative form of Network Deployment to achieve the same or better outcome where it is reasonably practicable to do so without in respect of the Affected Premises ~~(i) exceeding the Premises Cap; and/or (ii) requiring a Contract Change~~;

10.4.1 exceeding the Upper Cost Cap; and/or

10.4.2 requiring a Contract Change.

- 10.5 In the event it is not reasonably practicable to provide an alternative form of Network Deployment in the manner described in paragraph 10.4 without exceeding the ~~Premises Upper Cost Cap~~; and/or ~~(b)~~ requiring a Contract Change, the Supplier shall as soon as reasonably practicable notify the Authority of the:

If the unexpected cost is unique to a specific Structure:

- 10.5.1 forecast cost of the Structure as established at M0 split between direct cost (being cost solely relating to the End User Premises concerned) and shared cost (being cost relating to the End User Premises concerned and other non-impacted End User Premises) as well as by Network sub-component, for the End User Premises concerned. Forecast cost should only include direct Network build costs and should exclude from the calculation, planning costs and programme-wide deployment costs (e.g. programme management);
- 10.5.2 total number of all End User Premises connected to the Structure and NGA white End User Premises passed per Structure;
- 10.5.3 unexpected incremental direct cost that is now expected to be incurred above and beyond the forecast cost established at Milestone M0, otherwise forecast and detailed on a basis equivalent to that under paragraph 10.5.1;

If the unexpected cost is a shared cost, which will impact more than one Structure:

- 10.5.4 forecast cost of all Structures and shared Network as established at M0 split between direct and shared cost and by Network sub component (direct cost for each Structure, shared cost will be across all Structures). Forecast cost should include direct Network build costs and should exclude from the calculation, planning costs and programme-wide deployment costs (e.g. programme management). For shared costs, the Supplier shall ensure it identifies the impact on all corresponding Structures within its Supplier Solution, whether in current or subsequent Phases;
- 10.5.5 total number of all End User Premises connected to the effected Structure and NGA white End User Premises passed by the effected Structures;
- 10.5.6 unexpected incremental shared cost that is now expected to be incurred above and beyond the forecast cost established at Milestone M0, otherwise forecast and detailed on a basis equivalent to that under paragraph 10.5.4;

Plus in each of the above instances:

- 10.5.7 the technical and operational reasons why the ~~Premises Cap and the forecast M0 cost~~ Upper Cost Cap will be exceeded together with supporting evidence to validate such reasons; and

10.5.8 an impact assessment of each potential option under paragraph 10.6 which shall include:

- (a) the impact of each option on this Contract including in respect of the Implementation Plan, the Speed and Coverage Template, the Milestone Payments, the Project Model and the provision of the Deployed Services;
- (b) the identification of the specific material technical or operational risks (if any) associated with the delivery of each option; and
- (c) any other matter considered by the Supplier to be relevant for the purpose of the Authority's selection of the relevant option under paragraph 10.6.

The proposed options should seek to maintain delivery to the Affected Premises where financially reasonable (the Supplier should liaise with the Authority to inform this assessment), with inclusion of alternative premises and/or de-scoping being a secondary preferential approach.

10.6 The Authority shall as soon as reasonably practicable after receipt of the notification under paragraph 10.5 select (at its sole discretion) one or more (if technically feasible to implement more than one option in respect of the Affected Premises) of the following options:

10.6.1 continue with the Network Deployment of the Affected Premises as planned, provided that agreement is reached between the Parties in accordance with ~~Clause paragraph~~ [10.7](#) as to the:

- (a) eligibility of any Qualifying Capital Expenditure for Network Deployment additional to the ~~then current contracted prior~~ forecast [\(i.e. prior to applying this paragraph 10 procedure\)](#) Qualifying Capital Expenditure, calculated in accordance with paragraph 10.5; and/or
- (b) reduction in the scope of the Deployed Services to an appropriate level to compensate the Supplier for any additional Qualifying Capital Expenditure for Network Deployment of the Affected Premises;

10.6.2 place Network Deployment of the Affected Premises on hold for deferral provided that:

- (i) the number of End User Premises required to be passed under the relevant Phase in which the Affected Premises were originally placed and the corresponding M2 Milestone is reduced by the number of deferred Affected Premises;
- (ii) the Affected Premises together with an amount equal to the forecasted value of the proportion of the Milestone Payment(s) ~~for the M2 Milestone(s)~~ associated with the provision of Network Deployment to the Affected Premises as calculated in accordance with paragraph 10.5 are transferred to the relevant Milestone Payment(s) in the corresponding Phase (once such Phase is determined) with such sums/Affected Premises being held provisionally in the final Phase in the interim; and
- (iii) there is at least one subsequent Phase which has not commenced.

- 10.6.3 remove the Affected Premises and de-scope the Deployed Services accordingly (including de-scoping the affected Milestone(s) and Speed and Coverage Template), provided that the Milestone Payments shall be reduced by an amount equivalent to the total forecasted Qualifying Capital Expenditure for each Affected Premise calculated in accordance with paragraph 10.5 (less any actual Qualifying Capital Expenditure in respect of the Affected Premises (i) for which the Supplier is entitled to submit a Milestone Payment Claim but has not done so or has submitted a Milestone Payment Claim and the Authority has not made the corresponding Milestone Payment; or (ii) which has been paid by the Authority in the form of Milestone Payment(s), in each case following the Achievement of any applicable M0 Milestones, M1 Milestones and/or M2 Milestones and in accordance with the terms of this Contract);
- 10.6.4 where it is reasonably practicable to provide an alternative form of Network Deployment in the manner described in paragraph 10.4 without exceeding the ~~Premises-Upper Cost Cap-~~ but requiring a Contract Change, provide such alternative form of Network Deployment provided that agreement is reached between the Parties in respect of the necessary changes to this Contract in accordance with paragraph 10.7;
- 10.6.5 use of contingency funding, if any, made available under Paragraph 13 of Schedule 5.1.
- 10.7 Once an option(s) has been selected by the Authority pursuant to paragraph 10.6 and notified to the Supplier the Parties shall agree in writing any consequential changes required to this Contract without recourse to the Change Control Procedure (provided that once the changes are agreed the Supplier shall document such changes in a Change Request for authorisation by the Parties in a Change Authorisation). Any failure to agree the necessary changes in accordance with the option(s) selected by the Authority shall be dealt with by the Parties under the Dispute Resolution Procedure.
- 10.8 Provided the Supplier has acted in good faith to reach formal agreement of any changes as contemplated by paragraph 10.7 and otherwise complied with its obligations under this paragraph 10, if and to the extent that as a direct result of the operation of paragraphs 10.5 to 10.7 the Supplier is unable to achieve a Milestone by the associated Milestone Date as planned, such circumstance shall not be treated by the Authority as a Supplier Default and shall not prevent or delay issue of a Milestone Achievement Certificate in respect of the Milestone Achievement Criteria that have been Achieved at the relevant Milestone Date.
- 10.9 If the ~~deferred deferral~~ option under paragraph 10.6.2 is selected by the Authority with corresponding amendments to this Contract agreed under paragraph 10.7 to reflect such option, then prior to the commencement of each subsequent Phase:
- 10.9.1 the Supplier shall determine whether Network Deployment can be provided to the Affected Premises as planned within the ~~Premises-Upper Cost~~ Cap; or
- 10.9.2 where the Supplier determines that the Affected Premises still exceed the ~~Premises-Upper Cost~~ Cap, the Authority shall determine whether to keep the Affected Premises deferred provisionally to the next Phase in accordance with paragraph 10.6.2 or to select one of the other options under paragraph 10.6 with relevant Contract Changes required to be agreed under paragraph 10.7.
- 10.10 For the purpose of paragraph 10.1, the number of Affected Premises and the associated Qualifying Capital Expenditure shall be determined with reference to:

- 10.10.1 the particular Network Deployment Structure(s) being implemented in respect of the Affected Premises;
 - 10.10.2 the number of End User Premises planned to be passed by such Structure(s) (which shall be the number of Affected Premises); and
 - 10.10.3 the Qualifying Capital Expenditure for Network Deployment associated with passing the Affected Premises and not passing and connecting the Affected Premises.
- 10.11 The ~~above Premises Cap cost capping~~ process as provided above in this paragraph 10 shall not apply where and to the extent the ~~Premises Upper Cost~~ Cap ~~has been is~~ exceeded due (in whole or in part) to any Supplier Default.
- 10.12 In the event that the Supplier proceeds with Network build without complying with the applicable procedure specified in this paragraph 10, Qualifying Capital Expenditure for the corresponding Network build cannot be claimed from the Authority nor applied within any of the mechanisms under ~~this~~ Schedule 5.1 (Milestone Payments and Claims Procedure) save up to the amount provided for under paragraph 10.3.3 but the corresponding parts of the Network to which ~~the any additional~~ expenditure relates will otherwise also remain subject to the terms of this Agreement.
11. **SURVEY ASSUMPTIONS**
- 11.1 The application of the Survey Assumptions to a Phase ceases on completion of the corresponding Milestone M0, subject only to the specific limited application within the ~~Premises Cap cost cap~~ process provided for under paragraph 10 of this Schedule. Survey Assumptions may not otherwise be utilised as a basis on which to claim any variation to this Contract (including Deployed Services and/or Milestone Payments) or its associated obligations.
- 11.2 No other survey or cost assumptions (whether contained in the Project Model or otherwise) are intended by the Parties to vary the Milestone Payments or any other obligation under this Contract.

APPENDIX 1 – MILESTONE ACHIEVEMENT CRITERIA

MILESTONE TYPE	MILESTONE ACHIEVEMENT CRITERIA
Milestone Type 0: Survey and Detailed Design Completion	<p>There shall be one Milestone M0 allocated to each Phase:</p> <p><u>Outcomes:</u></p> <p>The overall outcome of a Milestone Type 0 is completion of detailed Supplier Solution design and implementation planning for that Phase. The specific contractual outcomes comprise:</p> <p>(i) Closure of Survey Assumptions, in accordance with Paragraph 8 of Schedule 4.1 (save only to the extent of application under Paragraph 10 of Schedule 4.1);</p> <p><i>Plus</i></p> <p>(ii) Confirmation that no changes to the Contract are required; or</p> <p>(iii) Approved updates, in accordance with paragraph 8 of Schedule 4.1 (Implementation)), to the Contract including any changes to the:</p> <ol style="list-style-type: none"> a) Milestone Payments; b) Project Model; c) Implementation Plan; d) Speed and Coverage Template. <p><i>Plus</i></p> <p>(iv) Confirmation that the minimum volume of planned NGA and Ultrafast End User Premises for that Phase (as set out in the Speed and Coverage Template as at commencement of the M0 process but adjusted to take into account agreed adjustments in accordance with the M0 process) is maintained.</p> <p><u>Supporting evidence:</u></p> <p>(a) A complete and accurate C1 Report;</p> <p>(b) Confirmation that the Post-Effective Date Surveys and detailed Deployed services review for this Phase (as specified in the Project Plan) have been completed;</p> <p>(c) A copy of the Supplier's Post-Effective Date Survey reports (including resulting findings), together with associated supporting evidence;</p> <p>(d) An explanation of the impact of any instances of where the Survey Assumption have not held true, including resulting cost impact and mitigation proposals (including equivalent cost information to that described in paragraph 10.5 of this Schedule 4.1);</p> <p>(e) A full list of Network Structures with corresponding End User Premises served plus estimated Access Line Speed Range for each premise;</p> <p>(f) A planned cost per Network Structure comprised of direct and shared cost by Network sub-component <u>(including identifying which other Structures outside of this Phase the shared costs apply to and the</u></p>

MILESTONE TYPE	MILESTONE ACHIEVEMENT CRITERIA
	<p>corresponding basis for allocation of the shared costs);</p> <p>(g) A list of Structures that will or are reasonably likely to exceed the Premises Cap, with the cost identified of each Structure along with the corresponding number of NGA white End User Premises.</p>
<p>Milestone Type 1: Network Build</p>	<p>There shall be one or more Milestone M1 allocated to each Phase:</p> <p><u>Outcomes:</u></p> <p>Implemented and operationally ready deployed shared Network to which M2 Structures will be attached, within the scope of this Milestone and in accordance with the Service Requirements.</p> <p><u>Supporting evidence:</u></p> <ul style="list-style-type: none"> (a) A complete and accurate C1 Report; (b) Copies of 'As-built' documentation (and/or, if agreed by the Parties in writing, all reasonable access to that documentation) for the applicable Network infrastructure. Any such 'As built' documentation shall contain an updated inventory of Network sub-components and locations sufficient to comply with corresponding State Aid and public sector subsidy requirements; (c) Confirmation from the Supplier that the applicable Tests (supporting the Milestone outcomes noted above) have been successfully completed in accordance with the Test Strategy; (d) Test data (e.g. Ethernet tests, optical tests) available to the Authority on request, evidencing that the applicable Tests have been successfully completed in accordance with the Test Strategy; and (e) Issued Milestone Achievement Certificate for the corresponding Milestone M0 for the corresponding Phase.
<p>Milestone Type 2: Availability of Wholesale Access Products and Services</p>	<p>There shall be one or more Milestone M2 allocated to a each Phase:</p> <p><u>Outcomes:</u></p> <p>Implemented and operationally ready End User Premise serving Network Structures serving End User Premises:</p> <p><i>Plus</i></p> <p>Wholesale Access Products and Services are made available: providing Access Line Speeds at Speed Categories of 30Mbps and above on a cumulative End User Premises basis (cumulative criteria) and to End User Premises designated within those Speed Categories (individual NGA End User Premises criteria).</p> <p>(i) for each Speed Category at 30Mbps and above as set out in the Speed and Coverage Template;</p> <p>(ii) providing the specified Access Line Speed for each Speed Category at</p>

MILESTONE TYPE	MILESTONE ACHIEVEMENT CRITERIA
	<p>30Mbps and above as set out in the Speed and Coverage Template, for the scope of this Milestone and in accordance with the Speed and Coverage Template and the Service Requirements for the scope of this Milestone. This shall include:</p> <p>(1) the establishment of an operational business to business (B2B) system (comprising part of the Supplier's OSS/BSS), providing Retail Service Providers the ability to access Wholesale Access Products and Services;</p> <p>(2) that the End User Premises which can be provisioned (if a Retail Service Provider orders corresponding Wholesale Access Products and Services) with retail broadband products and services by Retail Service Providers include as a minimum those premises specified for this Milestone;</p> <p>(3) the Access Line Speed ranges for the End User Premises in (2) above meet or exceed the Access Line Speed ranges at or above 30Mbps in the Speed and Coverage Template,</p> <p>for the scope of this Milestone and in accordance with the Service Requirements.</p> <p><u>Supporting evidence:</u></p> <p>(a) A complete and accurate C1 and C3 Report;</p> <p>(b) Copies of 'As-built' documentation (and/or, if agreed by the Parties in writing, all reasonable access to that documentation) for the applicable Network infrastructure. Any such 'As built' documentation shall contain an updated inventory of Network sub-components and locations sufficient to comply with corresponding State Aid and public sector subsidy requirements;</p> <p>(c) Confirmation from the Supplier that the applicable Tests (supporting the Milestone outcomes noted above) have been successfully completed in accordance with the Test Strategy;</p> <p>(d) Detailed test data demonstrating proof of full functionality of the Supplier's B2B system for access by Retail Service Providers;</p> <p>(e) Detailed test data showing at least one available Wholesale Access Product and Service available to Retail Service Providers through the B2B system;</p> <p>(f) Detailed data evidencing that the End User Premises can be provisioned (if a Retail Service Provider orders the corresponding Wholesale Access Product and Service) with retail broadband products and services by Retail Service Providers in accordance with the Service Requirements and include as a minimum those premises specified in the Speed and Coverage Template for this Milestone. Such data to include full address point and postcode data by premise and Access Line Speed by premise; and</p> <p>(g) Issued Milestone Achievement Certificates for the applicable Milestone M0 and M1 corresponding to this Milestone.</p>
Milestone	There shall be one or more Milestone M3 at defined stages of planned

MILESTONE TYPE	MILESTONE ACHIEVEMENT CRITERIA
Type 3 End User Take Up	<p>cumulative End User Take-up. Notwithstanding the criteria below, a Milestone Type 3 cannot be Achieved prior to the Full Service Commencement Date:</p> <p><u>Outcomes:</u></p> <p>(i) Required level of cumulative Take-up of NGA and Ultrafast at End User Premises on the Network, achieving the level set out below in accordance with the Service Requirements.</p> <p>(ii) The Supplier's Take-up for End User Premises in the Coverage Area meets or exceeds [20]% of the Supplier's forecast Take-up for the end of the Term (as shown in the Project Model) to a maximum of 10% expressed in number of End User Premises – in accordance with the Milestone M3 breakdown set out in the Implementation Plan.</p> <p><u>Supporting evidence:</u></p> <p>(a) A complete and accurate C3 Report;</p> <p>(b) evidence, based on a OSS/BSS data, that the required minimum threshold of End User Premises Take-up has been achieved; and</p> <p>(c) data demonstrating the Take-up concerned is consistent with its definition in Schedule 1 (Definitions).</p>

APPENDIX 2 – IMPLEMENTATION PLAN AND PROJECT PLAN

1. IMPLEMENTATION PLAN

[Bidder Note: The Implementation Plan is to be developed and included here at Contract signature. This should identify the Phases (including the relevant start and end dates), Milestones (including their scope), Milestone Dates and other key high level data to meet the Service Requirements set out in Schedule 2.]

2. PROJECT PLAN

[Bidder Note: Reference to the initial Project Plan to be inserted]

APPENDIX 3 – FORM OF MILESTONE ACHIEVEMENT CERTIFICATE

MILESTONE ACHIEVEMENT CERTIFICATE

MILESTONE REFERENCE [•]

AUTHORITY			
Authority signs below to confirm its understanding that Milestone has been achieved:			
Role	Name (print)	Signature	Date
Authority Project Manager			
Authority Quality Manager <i>(if applicable)</i>			

Description of Achievement certified (speed and coverage):

[•]

APPENDIX 4 – SURVEY ASSUMPTIONS

[Bidder Note: Survey Assumptions table below to be completed in respect of the Contract. Rows to be added as required. They must be (i) agreed as at the Effective Date; and (ii) detailed to a sufficient level to support impact analysis and the application of the processes described in this Schedule.]

REF:	SURVEY ASSUMPTION	EXPECTED IMPACT OF SURVEY ASSUMPTION ON THE DEPLOYED SERVICES, THE IMPLEMENTATION PLAN AND/OR THE PROJECT MODEL	AGREED INDICATIVE RESOLUTION (WITHOUT PREJUDICE TO CLAUSE 31)
[•]	[•]	[•]	
[•]	[•]	[•]	