

SCHEDULE 17

This is Schedule 17 comprising Payment Provisions referred to in the Project Agreement for the PRIME Project

BETWEEN

The Secretary of State for Work and Pensions

- and -

The First Secretary of State

- and -

Trillium (PRIME) Limited

- and -

Trillium (PRIME) Property GP Limited

**dated 27 March 1998
as Expanded and Restated on 15 December 2003**

DEFINITIONS AND INTERPRETATION

1.1 For the purposes of this Schedule, "Business Days" includes any day (including weekends and statutory holidays) on which the Facility is operating in accordance with its Normal Working Hours.

1.2 In this Schedule and in this Agreement the following terms shall bear the following meanings:

"Available Business Square Metre Days" with regard to a Facility means the sum of the Available Business Square Metres for each Business Day of a Contract Month;

"Available Business Square Metres" with regard to a Facility means a Business Square Metre complying with the Critical Aspects of Service Requirements, and on any Business Day a Business Square Metre shall be treated as an Available Business Square Metre unless:

- (a) it fails on that Business Day to comply with the Critical Aspects of Service Requirement relating to security set out in paragraph 11 of Schedule 15 [*Critical Aspects of Service Requirements*] (the "**Security CASR**"); or
- (b) it fails on that Business Day to comply with the Critical Aspects of Service Requirements (apart from the Security CASR) for a period in excess of two hours during Normal Working Hours,

save that:

- (i) where a Business Square Metre at an Existing Site would be treated as unavailable by reason of failure to have an internal temperature during Normal Working Hours, or whenever the Business Square Metre is occupied, of below 28°C, or the appropriate maximum level laid down for the use concerned and the PRIME Contractor has used its best endeavours to ensure that such Business Square Metre is below that temperature such Business Square Metre shall not be treated as unavailable by reason of such failure for up to 20 Business Days in aggregate in any Contract Year; and
- (ii) where a Business Square Metre at an Existing Site does not comply with the Critical Aspects of Service Requirements due to non-compliance with any of the Statutory Requirements or statutory guidelines referred to in Schedule 15 [*Critical Aspects of Service Requirements*] in force at the Commencement Date, such Business Square Metre shall not be treated as unavailable by reason of such non-compliance for a period of two years from the Commencement Date; and
- (iii) where a Business Square Metre does not comply with the Critical Aspects of Service Requirements as a necessary consequence of:

- (1) a Direct Procurement Change (other than one which is a Department's Configuration Change), such Business Square Metre shall not be treated as unavailable by reason of such non-compliance; or
 - (2) a Department's Configuration Change carried out pursuant to clause 17.5(a), the PRIME Contractor's relief shall be as agreed or determined pursuant to Schedule 27;
 - (3) a Jobcentre Plus Project carried out pursuant to Appendix 3 to Schedule 27, the PRIME Contractor's relief shall be as agreed or determined pursuant to paragraph 3 of Appendix 3 to Schedule 27; and
 - (4) a Large Scale Programme carried out pursuant to Appendix 4 to Schedule 27, the PRIME Contractor's relief shall be as agreed or determined pursuant to paragraph 5.1 of Appendix 4 to Schedule 27;
- (iv) where a Business Square Metre at an Existing Site does not comply with the Critical Aspects of Service Requirements as a result of there not being a fire certificate relating to such Business Square Metre, or due to non-compliance with the requirements of all appropriate fire regulations, fire legislation and guidance, such Business Square Metre shall not be treated as unavailable by reason of not having such certificate, or by reason of such non-compliance until the expiry of two years from the Commencement Date or the date upon which the PRIME Contractor obtains such certificate, whichever is earlier.

To avoid doubt if a Business Square Metre:

- (i) does not comply with the Security CASR for any reason; or
- (ii) does not comply with the Critical Aspects of Service Requirements for a period in excess of two hours during Normal Working Hours;

for any reason apart from the reasons in (i) to (iv) above (save in the case of (i) only for 20 Business Days in aggregate in each Contract Year) including that it is undergoing maintenance or upgrading works pursuant to clause 10.24, or that it is effected by Force Majeure or a Relief Event, it shall not be treated as an Available Business Square Metre.

Where a breach of the Security CASR occurs at a Facility on any Business Day the number of Business Square Metres which are unavailable at that Facility on that Business Day shall be determined as follows:

- (a) where the breach is in relation to an event set out in paragraphs (b) or (d) of the Security CASR, the whole of the Business Square Metres at that Facility will be unavailable for that Business Day; and
- (b) where the breach is in relation to an event set out in paragraphs 11(a), (c) or (e) of the Security CASR the onus shall be on the PRIME Contractor to satisfy DWP which Business Square Metres have not been affected by the breach. Any areas at that Site which the PRIME Contractor cannot demonstrate to the reasonable satisfaction of DWP are not physically secured from an area affected by that breach, shall themselves be deemed to be affected by breach. If the PRIME Contractor is unable to reasonably satisfy DWP that some only of the Business Square Metres at the Site have been affected by the breach then the whole of the Business Square Metres at that Site will be unavailable during Normal Working Hours;

"Basic Percentage" means the percentage calculated in accordance with paragraph 2 of Part 2 of this Schedule;

"Building Costs Index" means

- (b) the General Building Cost Index produced on a quarterly basis by the Royal Institution of Chartered Surveyors Building Cost Information Service; or
- (c) if there is a material change in the basis of such index or such index ceases to be quoted, such other index as DWP and the PRIME Contractor may determine to be appropriate in the circumstances or is determined to be appropriate in accordance with the Dispute Resolution Procedure;

"Efficiency Date" means 31 March in each Contract Year;

"Expansion Efficiency Factor" means the following efficiency factors to be applied on the following Efficiency Dates:

- (a) 2% on 31 March 2004;
- (b) 2% on 31 March 2005;
- (c) 2% on 31 March 2006;
- (d) 12.5% on 31 March 2007; and
- (e) 0.25% thereafter;

"Expansion FM Component" with regard to a contract expansion Facility means the number set out under the column headed **"FM Component (£/m²)"** in the table included at Part 4b (Contract Expansion Facilities Prices) of this Schedule 17;

"FM Basket Index" means the index which is the aggregate of the following two indices set out in the Monthly Digest of Statistics published by the Office for National Statistics, each having the weighting set out opposite:

Index	Weighting
Average Earnings Index: All Employees: Main Industrial Sectors - Whole economy seasonally adjusted (Index DNHS)	79.79%
Index of Producer Prices (output) - Machinery and Equipment not elsewhere classified (Index PLMH)	20.21%

or:

- (a) if either element of the index shall not have been published during the period from and after one Indexation Date to the last Business Day prior to the next Indexation Date, such index or element of the index for the month prior to such next Indexation Date as DWP and the PRIME Contractor may determine to be appropriate in the circumstances or is determined to be appropriate in accordance with the Dispute Resolution Procedure; or
- (b) if there is a material change in the basis of any element of the index such other index or element of the index as DWP and the PRIME Contractor may determine to be appropriate in the circumstances or is determined to be appropriate in accordance with the Dispute Resolution Procedure;

"Indexation Date" means the first day of each of July, October, January and April in each Contract Year;

"Property Component" with regard to a Facility means the number set out under the column headed **"Property Component (£/m²)"** in the tables included at Part 4a and Part 4b of this Schedule 17;

"Regional Office Business Square Metres" means the Business Square Metres at a Facility made available by DWP to the PRIME Contractor under clause 11.33 for use as its regional office;

"Regular FM Component" with regard to a Facility means the number set out under the column headed **"FM Component (£/m²)"** in the table included at Part 4a (Regular Facilities Prices) of this Schedule 17;

"Regular Efficiency Factor" means 0.5% in each of the first five Contract Years and 0.25% thereafter;

"Relevant Index" means the Building Costs Index, FM Basket Index or the Retail Price Index, as the case may be;

"Retail Prices Index" or "RPI" means the retail prices index, all items, published by the Office for National Statistics each month in the Monthly Digest of Statistics, Index CHAW, table 18.1:

- (a) if the index shall not have been published during the period from and after one Indexation Date to the last Business Day prior to the next Indexation Date, such index for the month prior to such next Indexation Date as DWP and the PRIME Contractor may determine to be appropriate in the circumstances or is determined to be appropriate in accordance with the Dispute Resolution Procedure; or
- (b) if there is a material change in the basis of the index

such other index as DWP and the PRIME Contractor may determine to be appropriate in the circumstances or is determined to be appropriate in accordance with the Dispute Resolution Procedure.

Part 1

Indexation and Efficiency Factors

GENERAL

1. Whenever in this Schedule or anywhere else in this Agreement:
 - 1.1 an amount subject to indexation (each, an "**Indexed Amount**") is to be indexed, such Indexed Amount shall be indexed using the Relevant Index in accordance with the following provisions; and
 - 1.2 an amount is to have applied to it an efficiency factor, such amount shall have applied to it the relevant Efficiency Factor in accordance with paragraph 4 below.
2. On each Indexation Date, each Indexed Amount shall be replaced with the product of the following calculation:

$$IA_{\text{new}} = IA_{\text{old}} \times \left(\left[\frac{\text{Index}_{\text{new}} - \text{Index}_{\text{old}}}{\text{Index}_{\text{old}}} \right] + 1 \right)$$

where:

IA_{new} is the Indexed Amount from and after the Indexation Date.

IA_{old} is the Indexed Amount immediately prior to performance of the above-noted calculation.

$\text{Index}_{\text{new}}$ is the last published Relevant Index (or the Relevant Index derived from the last published elements of such Relevant Index) prior to the Indexation Date.

$\text{Index}_{\text{old}}$ is the number equal to the number which was $\text{Index}_{\text{new}}$ on the immediately preceding Indexation Date.

3. The PRIME Contractor shall as soon as reasonably practicable (and in any event not later than the next following Invoice Date) notify the Department's Representative in writing of the results of all the calculations described in paragraph 2 of this Part, setting out in reasonable detail the background thereto, including a copy of the relevant indices. The notification from the PRIME Contractor shall be signed by an officer of the PRIME Contractor.
4. **EFFICIENCY FACTORS**
 - 4.1 Efficiency factors are applied as follows.
 - (a) For Facilities in the table included at Part 4a of this Schedule 17, on each Efficiency Date, the Regular FM Component of the Facilities Unit Price for each Facility shall be replaced with the product of the following calculations:

$$FM_{\text{new}(\text{reg})} = FM_{\text{old}(\text{reg})} - (FM_{\text{old}(\text{reg})} \times EF_{\text{reg}})$$

where:

$FM_{\text{new}(\text{reg})}$ is the Regular FM Component of the Facilities Unit Price from and after the Efficiency Date.

$FM_{\text{old}(\text{reg})}$ is the Regular FM Component of the Facilities Unit Price prior to performance of the above noted calculation.

EF_{reg} is the Regular Efficiency Factor.

- (b) For Facilities in the table included at Part 4b of this Schedule 17, on each Efficiency Date, the Expansion FM Component of the Facilities Unit Price for each expansion Facility shall be replaced with the product of the following calculations:

$$FM_{\text{new}(\text{exp})} = FM_{\text{old}(\text{exp})} - (FM_{\text{old}(\text{exp})} \times EF_{\text{exp}})$$

where:

$FM_{\text{new}(\text{exp})}$ is the Expansion FM Component of the Facilities Unit Price from and after the Efficiency Date.

$FM_{\text{old}(\text{exp})}$ is the Expansion FM Component of the Facilities Unit Price prior to performance of the above noted calculation.

EF_{exp} is the Expansion Efficiency Factor.

- (c) For the avoidance of doubt, Efficiency Factors are not applied to MOFUPs.

- 4.2 The PRIME Contractor shall as soon as reasonably practicable (and in any event not later than the next following Basic Invoice Date) notify the Department's Representative in writing of the results of all the calculations described in paragraph 4.1 above, setting out in reasonable detail the background thereto. The notification from the PRIME Contractor shall be signed by an officer of the PRIME Contractor.
- 4.3 Without prejudice to any other provisions of the Agreement or the Schedules, the remaining amounts set out in the table included at Part 4a and Part 4b of this Schedule 17 shall, as applicable, be adjusted to reflect the calculations described in paragraph 4.1(a) and 4.1(b) above respectively.

DISPUTES REGARDING INDEXATION

5. Where the Expert has determined that an indexation calculation performed by the PRIME Contractor in accordance with this part was incorrect, the affected Indexed Amount shall be adjusted accordingly. All amounts calculated by reference to such Indexed Amount shall similarly be adjusted and any overpayment or underpayment previously made by DWP to the PRIME Contractor determined by the PRIME

Contractor to have occurred as a result of such calculations shall be included as an Other Amount on the Variable Amount Statement submitted on the Statement Date next following determination by the PRIME Contractor of such overpayment or underpayment.

FACILITIES PRICE

6. Without prejudice to any other provisions of the Agreement or the Schedules:
 - (a) the Property Component and the Regular FM Component of the Facilities Unit Price for each Facility set out in the table included at Part 4a of this Schedule 17 shall be indexed using the Retail Prices Index and the FM Basket Index respectively, and the amounts set out in the table included at Part 4a of this Schedule 17 shall be adjusted to reflect such indexation; and
 - (b) the Property Component and the Expansion FM Component of the Facilities Unit Price for each Facility set out in the table included at Part 4b of this Schedule 17 shall be indexed using the Retail Prices Index and the FM Basket Index respectively, and the amounts set out in the table included at Part 4b of this Schedule 17 shall be adjusted to reflect such indexation.

MOFP PRICE

7. Without prejudice to any other provisions of the Agreement or the Schedules, each MOFP Price shall be indexed using the FM Basket Index.

Part 2

The Facilities Payment

1. The Basic Monthly Facilities Charge (**BMFP**) for each Facility for any Contract Month during a Contract Year shall be calculated on each Invoice Date in accordance with the following formula:

$$BMFP = MFUP \times (BSM - ROBSM) \times BP \div 100$$

where:

BP is the Basic Percentage (expressed as a number of per cent) determined in accordance with paragraph 2 of this Part.

BSM is the number of Business Square Metres occupied by DWP at such Facility on the first day of such Contract Month which shall be, subject to clauses 17.1A, 17.1C, 17.1E, 17.1H, 17.2, 17.2A or 17.4, the number set out under the column headed "Prime Bid area" in the table included at Part 4a or Part 4b of this Schedule 17 for such Facility. For the avoidance of doubt, notwithstanding that DWP may vacate a Facility (or part thereof) during a Contract Month, DWP will, for the purposes of calculating the Basic Monthly Facilities Charge, be deemed to have been in occupation of all Business Square Metres at that Facility up to and including the last day of that Contract Month and no subsequent allowances shall be made in calculating the amount set out in the Variable Amount Invoice.

MFUP is the number set out under the column headed "Total FUP (£/m²)" in the table included at Part 4a or Part 4b of this Schedule 17 for such Facility, as the same may be amended or replaced from time to time, divided by 12.

ROBSM is the number of Regional Office Business Square Metres, if any, at the Facility on the first day of the Contract Month.

2. As at the Contract Expansion Date the Basic Percentage shall be:
 - (a) in respect of the Facilities set out in Part 4a of this Schedule 17, 99% until the next BP Reset Date; and
 - (b) in respect of the Facilities set out at Part 4b of this Schedule 17, 99.33% until the BP Reset Date on 1 June 2005.

On the first day of the third Contract Month following the commencement of each Contract Year thereafter (a **BP Reset Date**) the Basic Percentage will be replaced with the number (expressed to one decimal place) which is the product of the following calculation:

$$BP = 1 - (\text{Aggregate Deductions} / \text{Aggregate Facilities Price}) \times 100$$

where:

Aggregate Deduction, on any BP Reset Date, is the aggregate of all PMS Deduction Amounts for each Facility for each Contract Month during the immediately preceding Contract Year and the aggregate of all Monthly CSC Deductions for each Contract Month during the immediately preceding Contract Year less the aggregate of all Service Performance Incentive Amounts in that period, provided that in respect of the first Contract Year, Aggregate Deduction shall be deemed to be the aggregate of all PMS Deduction Amounts for each Facility for each of the last nine Contract Months of the first Contract Year.

Aggregate Facilities Price, on any BP Reset Date, is the aggregate of all Monthly Facilities Prices for each Facility for each Contract Month during the immediately preceding Contract Year (excluding the Service Performance Incentive Amount), provided that:

- (a) in respect of the first Contract Year, Aggregate Facilities Price shall be deemed to be the aggregate of all Monthly Facilities Prices for each Facility for each of the last nine Contract Months of the first Contract Year; and
- (b) for the BP Reset Date on 1 June 2004 the Basic Percentage in respect of the Facilities set out in Part 4a of this Schedule 10 shall be calculated from Facilities set out in Part 4a of this Schedule 10 only.

3. The Adjusted Monthly Facilities Charge for any Facility for a Contract Month shall be an amount equal to:

- (a) $(MFUP \times (BSM - ROBSM))$ for that Facility for that Contract Month;
- (b) plus the Service Performance Incentive Amount (if any) due for that Facility in that Contract Month as determined in accordance with paragraph 4.7 of Schedule 14 [*Performance Measuring System*];
- (c) less the PMS Deduction Amount for that Facility for that Contract Month;
- (d) less the Availability Deduction Amount.

4. In this Part, Availability Deduction Amount (**ADA**) for any Facility for a Contract Month (a "**Relevant Month**") shall be calculated on the Statement Date in the next following Contract Month in accordance with the following formula:

$$ADA = (MFUP/BD) \times ((BD \times BSM) - ABSMD)$$

where:

ABSMD is the number of Available Business Square Metre Days for such Facility for such Relevant Month

BD is the number of Business Days during that Relevant Month

BSM is the same number used on paragraph 1 of this Part

MFUP is the number set out under the column headed "Total FUP (£/m2)" in the table included at Part 4a or Part 4b of this Schedule 17 for such Facility, as the same may be amended or replaced from time to time divided by 12.

5. The Initial Adjusted Facilities Charge for any Facility shall be an amount equal to:
- (a) the aggregate of $(MFUP \times (BSM - ROBSM))$ for such Facility for each Contract Month during the first Contract Year;
 - (b) multiplied by the PMS Percentage for that Facility determined in accordance with paragraph 6 of this Part;
- less
- (c) the aggregate of all Availability Deduction Amounts for such Facility for each Contract Month during the first Contract Year determined in accordance with paragraph 4 of this Part.

6. The PMS Percentage (***PMSP***) for any Facility shall be the number which is the product of the following calculation:

$$PMSP = 1 - (\text{Aggregate Deductions} / \text{Aggregate Facilities Price})$$

where:

Aggregate Deduction is the aggregate of all PMS Deduction Amounts for such Facility for each of the last nine Contract Months of the first Contract Year.

Aggregate Facilities Price is the aggregate of all Monthly Facilities Prices for such Facility for each of the last nine Contract Months of the first Contract Year.

Part 3

The MOFP Payment

1. The Basic Monthly MOFP Charge (**MMOFPC**) for each Minor Occupancy for any Contract Month during a Contract Year shall be calculated on each Invoice Date in accordance with the following formula:

$$MMOFPC = MMOFUP \times BSM \times BP \div 100$$

where:

BP is the Basic Percentage determined in accordance with paragraph 2 of Part 2 of this Schedule 17.

BSM is the number of Business Square Metres occupied by DWP at such Minor Occupancy on the first day of such Contract Month. For the avoidance of doubt, notwithstanding that DWP may vacate a Minor Occupancy (or part thereof) during a Contract Month, DWP will, for the purposes of calculating the Basic Monthly MOFP Charge, be deemed to have been in occupation of all Business Square Metres at that Minor Occupancy up to and including the last day of that Contract Month and no subsequent allowance shall be made in calculating the amount set out in the Variable Amount Invoice.

MMOFUP is the aggregate of the numbers set out under the column headed "Total £s/SQM" in the table included at Part 5 of this Schedule 17 for such Minor Occupancy, as the same may be amended or replaced from time to time, divided by 12.

2. The Adjusted Monthly MOFP Charge for any Minor Occupancy for a Contract Month shall be an amount equal to:
 - (a) (MMOFUP x BSM) for that Minor Occupancy for that Contract Month;
 - (b) plus the Service Performance Incentive Amount (if any) for that Minor Occupancy due in that Contract Month as determined in accordance with paragraph 4.7 of Schedule 14 [*Performance Measuring System*];
 - (c) less the PMS Deduction Amount for that Minor Occupancy for that Contract Month.
3. The Initial Adjusted MOFP Charge for any Minor Occupancy shall be an amount equal to:
 - (a) the aggregate of (MMOFUP x BSM) for such Minor Occupancy for each Contract Month during the first Contract Year;
 - (b) multiplied by the PMS Percentage for that Minor Occupancy determined in accordance with paragraph 6 of Part 2 of this Schedule.

Part 4a

[withheld]

Part 4b

[withheld]

Part 5a

[withheld]

Part 5b

[withheld]

Part 6

Adjustments to calculation of Facility Unit Prices (FUPs)

[Not used]

Part 7

Agreed NPV Methodology

If and wherever the PRIME Contractor exercises its right to reallocate the aggregate value of FUPs in accordance with clause 15.33, the calculation of the NPV to DWP of the total Facilities Prices over the remainder of the Operating Period, both before and after the proposed reallocation shall be performed in the following manner:

- (a) a real (ie without regard to the effect of indexation or inflation from the date of reallocation) discount rate of 6% will be used if the cashflows being discounted are expressed in real terms; if the cashflows to be discounted are expressed in nominal terms then the real discount rate of 6% should be converted to a reasonable nominal equivalent rate;
- (b) the NPV to DWP of the aggregate of the Facilities Prices of all Core Facilities shall be calculated as the NPV of such stream of payments from the date of reallocation until the end of the Operating Period;
- (c) the NPV to DWP of the aggregate of the Facilities Prices of all Flexible Facilities shall be calculated as the NPV of the stream of Flexible Amounts (as defined below) from the date of reallocation until the end of the Operating Period;
- (d) the Flexible Amount for any Contract Year shall be:
 - (i) for the Contract Year in respect of which the Proposed New FUP Table is to be substituted with effect from the commencement of such Contract Year, the amount calculated as the aggregate of the Facilities Prices of all Flexible Facilities as at the commencement of such Contract Year; and
 - (ii) for each Contract Year thereafter, the amount calculated as:
 - (1) the Flexible Amount for the previous Contract Year; less
 - (2) the amount which is the product of the equation:

$$\sum (X \div Y \times BSM_{band} \div BSM_{total} \times Z)$$

for each flexible band from which Flexible Facilities may be vacated in the current Contract Year (ie the Contract Year for which the Flexible Amount is being calculated)

where:

X is the aggregate of the Facilities Prices of all Flexible Facilities in such band as at the time the reallocation is proposed;

Y is the aggregate or number of the Business Square Metres of the Flexible Facilities in such band as at the time the reallocation is proposed;

BSM_{band} is the aggregate number of Business Square Metres of all of the Flexible Facilities in such band as at the end of the previous Contract Year (ie assessed subsequent to the assumed vacation by DWP in the previous Contract Year);

BSM_{total} is the aggregate number of Business Square Metres of all of the Flexible Facilities in all of the bands from which Flexible Facilities may be vacated in the current Contract Year, as at the end of the previous Contract Year (ie assessed subsequent to the assumed vacation by DWP in the previous Contract Year);

Z is 21,377, provided that if:

- (1) after taking account of the actual number of Business Square Metres which DWP has vacated prior to the Year of Reallocation; and
- (2) assuming that DWP will have vacated, in each Contract Year from and including the Year of Reallocation, 21,377 Business Square metres in each of those Contract Years

DWP would be only entitled to vacate a lesser number of Business Square metres at Flexible Facilities during a particular Contract Year, Z for that Contract Year shall be such lesser number;

- (e) the NPV to DWP of the aggregate of the Facilities Prices of all Flexi-Core Facilities shall be calculated as the NPV of such stream of payments from the date of reallocation until the end of the Operating Period;
- (f) the total NPV to DWP will be the sum of the NPV's calculated in (b), (c) and (e) above.

Part 8

Generic methodology for calculation of Regular UACs and Operational UACs

1. The generic methodology for calculating Regular UACs and Operational UACs is described below. All NPVs shall be calculated using the discount rates below:

- (a) for Former DSS Estate Properties, the real rate of [withheld]%;
- (b) for all other properties, the real rate of [withheld]%,

such rates to be used where the cashflows to be discounted are expressed in real terms and where the cashflows to be discounted are expressed in nominal terms, the real rates should be converted to a reasonable nominal equivalent.

2. The Regular UACs in respect of the vacation of any Facility in a given year are equal to the sum of the following items:

- (a) the NPV of the reasonably expected stream of Facilities Prices from the beginning of the year of vacation to the end of the Operating Period;
- (b) less the NPV of the reasonably expected Avoidable Cost Stream (as defined below) from the year of vacation to the end of the Operating Period;
- (c) plus the NPV of the reasonably expected dilapidations payable by the PRIME Contractor given the new expected year of disposal of the Facility by the PRIME Contractor or any relevant Associate of it, less the NPV of the dilapidations which would have been payable by the PRIME Contractor or any relevant Associate had disposal occurred at the end of the Operating Period;
- (d) less the NPV (which for the avoidance of doubt, may be positive or negative) of the open market value (determined in accordance with the Red Book but disregarding any reduction for dilapidations liability as assessed in (c)) of the interest of the PRIME Contractor or any relevant Associate of it in the Site of which the relevant Facility forms or formed a part (on the assumption that DWP and any OGDs, ISBs and DWP Contractors have vacated any relevant part of such Site) given the new expected year of disposal of the facility by PRIME less the NPV (which, for the avoidance of doubt, may be negative or positive) of the open market value (determined in accordance with the Red Book but disregarding any reduction for dilapidations) of the interest of the PRIME Contractor or any relevant Associate of it in the Site of which the relevant facility forms or formed a part (on the assumption that DWP and any OGDs, ISBs and DWP Contractors have vacated any relevant part of such Site) on the assumption that a disposal would otherwise have occurred at the end of the Operating Period (ie less $NPV_1 - NPV_2$);

- (e) plus the NPV of any reasonably expected empty rates to be payable from the date of DWP vacation to the assumed date of disposal.
3. The Avoidable Costs Stream shall be made up of the amounts for each Contract Year determined in accordance with paragraph 4 below less any reasonably likely sublet income, provided that from and after the date on which the Facility is projected to be disposed of by the PRIME Contractor or its relevant Associate (including a disposal made by the PRIME Contractor or PRIME Property as agent for DWP, the SS1 or any OGD pursuant to the provisions of any Virtual Assignment or Scottish Property Agreement), it shall be the amount determined in accordance with paragraph 5 below.
4. An amount equal to the actual costs which may be reasonably likely to be avoided by the PRIME Contractor or any relevant Associate of it having regard to the fact that the PRIME Contractor or any relevant Associate will continue to own, lease or otherwise pursuant to this Agreement be responsible for, as the case may be, the Facility following vacation by DWP, whether by itself, or through any OGDs, ISBs or DWP Contractors and may include a portion of the following:
- (a) the costs of providing FM Services:
 - (b) overhead costs;
 - (c) insurance;
 - (d) replacement of Furniture;
 - (e) Life Cycle Works; and
 - (f) the Contractor's Margin on the costs described in (a) to (e) above.
5. An amount equal to 100% of the costs described in (a) to (f) of paragraph 4 relating to that Facility plus any rental payable on leasehold property plus the costs of providing all the other FM Services not specifically described in paragraph 4.
6. The Operational UACs in respect of the vacation of any Facility in a given quarter are equal to the sum of the following items:
- (a) The Property and Unindexed components of the Regular UACs calculated in accordance with paragraphs 1 to 5 above; plus
 - (b) a FM component that is the sum of:
 - (i) the NPV of the reasonably expected Unavoidable Operating Cost Stream (as defined below) from the quarter of vacation to the end of the Operating Period; plus

- (ii) the NPV of any reasonably expected empty rates and empty utilities costs to be payable from the date of DWP vacation to the assumed date of disposal.
- 7. The Unavoidable Operating Costs Stream shall be made up of the amounts for each Contract Quarter determined in accordance with paragraph 8 below, provided that from and after the date on which the Facility is projected to be disposed of by the PRIME Contractor or its relevant Associate (including a disposal made by the PRIME Contractor or PRIME Property as agent for DWP, the SS1 or any OGD pursuant to the provisions of any Virtual Assignment or Scottish Property Agreement), it shall be zero.
- 8. An amount equal to the actual costs which may be reasonably likely to be incurred by the PRIME Contractor or any relevant Associate of it having regard to the fact that the PRIME Contractor or any relevant Associate will continue to own, lease or otherwise pursuant to this Agreement be responsible for, as the case may be, the Facility following vacation by DWP, whether by itself, or through any OGDs, ISBs or DWP Contractors and may include a portion of the following:
 - (a) the costs of providing FM Services;
 - (b) insurance;
 - (c) replacement of Furniture;
 - (d) overhead costs;
 - (e) Life Cycle Works; and
 - (f) the Contractor's Margin on the costs described in (a) to (e) above.