

BUYER

AND

SUPPLIER

FACILITIES MANAGEMENT MARKETPLACE CONTRACT

REF: RM3830

CALL-OFF SCHEDULE 3

CONTINUOUS IMPROVEMENT

1. GENERAL

- 1.1 The Buyer and the Supplier recognise that, where specified in Framework Schedule 4 (Framework Management), CCS shall have the right to enforce the Buyer's rights under this Schedule.

2. CONTINUOUS IMPROVEMENT

- 2.1 The Supplier shall, throughout the Contract Period, identify new or potential improvements to the provision of the Deliverables with a view to reducing the Buyer's costs (including the Charges) and/or improving the quality and efficiency of the Deliverables and their supply to the Buyer.
- 2.2 The Supplier shall adopt a policy of continuous improvement in relation to the Deliverables pursuant to which it will regularly review with the Buyer the Deliverables and the manner in which it is providing the Deliverables with a view to reducing the Buyer's costs (including the Charges) and/or improving the quality and efficiency of the Deliverables. The Supplier and the Buyer will provide to each other any information which may be relevant to assisting in fulfilling these objectives.
- 2.3 Without limiting Paragraph 2.1, the Supplier shall produce at the start of each Contract Year a plan for improving the provision of Deliverables and/or reducing the Charges (without adversely affecting the performance of this Contract) during that Contract Year ("**Continuous Improvement Plan**") for the Buyer's Approval. The Continuous Improvement Plan shall include, as a minimum, proposals in respect of the following:
- 2.3.1 identifying the emergence of relevant new and evolving technologies;
 - 2.3.2 changes in business processes of the Supplier or the Buyer and ways of working that would provide cost savings and/or enhanced benefits to the Buyer (such as methods of interaction, supply chain efficiencies, reduction in energy consumption and methods of sale);
 - 2.3.3 new or potential improvements to the provision of the Deliverables including the quality, responsiveness, procedures, benchmarking methods, likely performance mechanisms and Buyer support services in relation to the Deliverables; and
 - 2.3.4 measuring and reducing the sustainability impacts of the Supplier's operations and supply-chains pertaining to the Deliverables, and identifying opportunities to assist the Buyer in meeting their sustainability objectives.
- 2.4 The initial Continuous Improvement Plan for the first (1st) Contract Year shall be submitted by the Supplier to the Buyer for Approval within one hundred (100) Working Days of the first Order or six (6) Months following the Start Date, whichever is earlier.
- 2.5 The Buyer shall notify the Supplier of its Approval or rejection of the proposed Continuous Improvement Plan or any updates to it within twenty (20) Working Days of receipt. If it is rejected then the Supplier shall, within ten (10) Working Days of receipt of notice of rejection, submit a revised Continuous Improvement Plan reflecting the changes required. If this revised Continuous Improvement Plan is also rejected the Supplier shall provide a second revised Continuous Improvement Plan for approval. Should this second

revised Continuous Improvement Plan not be approved the Parties may refer this to the Dispute Resolution Process.

- 2.6 Where a Continuous Improvement Plan is Approved, it shall constitute the Continuous Improvement Plan for the purposes of this Contract.
- 2.7 The Supplier shall provide sufficient information with each suggested improvement to enable a decision on whether to implement it. The Supplier shall provide any further information as requested.
- 2.8 If the Buyer wishes to incorporate any improvement into this Contract, it shall request a Variation in accordance with the Variation Procedure and the Supplier shall implement such Variation at no additional cost to the Buyer or CCS.
- 2.9 Once the first Continuous Improvement Plan has been Approved in accordance with Paragraph **Error! Reference source not found.**:
 - 2.9.1 the Supplier shall use all reasonable endeavours to implement any agreed deliverables in accordance with the Continuous Improvement Plan; and
 - 2.9.2 the Parties agree to meet as soon as reasonably possible following the start of each quarter (or as otherwise agreed between the Parties) to review the Supplier's progress against the Continuous Improvement Plan.
- 2.10 The Supplier shall update the Continuous Improvement Plan as and when required but at least once every Contract Year (after the first (1st) Contract Year) in accordance with the procedure and timescales set out in Paragraph 2.3.
- 2.11 All costs relating to the compilation or updating of the Continuous Improvement Plan and the costs arising from any improvement made pursuant to it and the costs of implementing any improvement, shall have no effect on and are included in the Charges.
- 2.12 Should the Supplier's costs in providing the Deliverables to the Buyer be reduced as a result of any changes implemented, all of the cost savings shall be passed on to the Buyer by way of a consequential and immediate reduction in the Charges for the Deliverables.
- 2.13 At any time during the Contract Period of the Call-Off Contract, the Supplier may make a proposal for gainshare. If the Buyer deems gainshare to be applicable then the Supplier shall update the Continuous Improvement Plan so as to include details of the way in which the proposal shall be implemented in accordance with an agreed gainshare ratio.