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Nuclear Waste Services

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Vault Optimisation & Capping Delivery (VOCD) Framework

Contracting Principles Document

C20500

LWR-NWS-VOCD-AXX-CC-CS-000014

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Document Control

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Version Control

Version	Amendment	Approval	Date
01	First Issue		
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Note: Within this document, the term "Contractor" applies to companies or individuals working in the capacity of consultant, contractor or Contractor for the VOCD Framework. The term "Client" shall be read to mean "Nuclear Waste Services" and "NWS".

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Abbreviations and Definitions

ECC	Engineering and Construction Contract
FC	Framework Contract
IPR	Intellectual Property Rights
KPIs	Key Performance Indicators
LADD	Liquidated and Ascertained Damages for Delay
LLWR	Low Level Waste Repository
NEC4	New Engineering Contract 4
NWS	Nuclear Waste Services
PCG	Parent Company Guarantee
PSC	Professional Services Contract
VOCD	Vault Optimisation & Capping Delivery

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Introduction

The principles below form the basis of the Contract terms on which Nuclear Waste Services (**"NWS"**) intends to engage the Vault Optimisation & Capping Delivery (**"VOCD"**) Framework. These are subject to change.

Issue	Principle
1. Form of Contract	Bespoke Framework Contract (FC), based on the principles of NEC4 FC conditions. The framework will utilise NEC4 Engineering and Construction Contract (ECC), and NEC4 Professional Services Contract (PSC) for the call offs.
2. Framework Structure	A single Contractor framework. The Framework will include a number of Work Orders which will be awarded by the *Client*.
3. Scope of Works	The VOCD Framework builds upon the existing body of work undertaken by Nuclear Waste Services to achieve closure and capping of legacy waste trenches and vaults at the repository site. It provides a single, integrated delivery structure for current and future repository closure activities, including design, enabling works, aggregate placement, capping, leachate management, and construction of future operational infrastructure. The goals of the Vault Optimisation & Capping Delivery Framework are to: 1. Deliver the engineered capping and closure systems for Vault 8 and the northern trenches in accordance with the approved design and the Site Environmental Permit. 2. The sourcing and Procurement of circa 800,000 tonnes aggregate, to relevant specifications including loading to NWS transport provider at quarry, receiving aggregate at our rail sidings, off-loading and distributing to the works site or approved stockpiling areas. 3. Develop, design, and construct future disposal infrastructure Leachate Management Systems (LMS), Vault 9 interim seal and cap and environmental protection for future waste disposals.

Issue	Principle
	4. Provide long-term optimisation of the LLWR disposal model, including design evolution, regulatory compliance, and best available techniques (BAT) implementation. 5. Integrate enabling works such as demolition, remediation, stockpile creation, and site infrastructure improvements. 6. Maintain continuous compliance with safety, environmental, and quality management standards throughout all Framework activities. 7. Deliver the above activities within an optimised time-frame to meet Environment Agency imposed improvement conditions associated with the timely implementation of vault closure and container protection. **Technical Integrator** The *Client* will be responsible for integration across all works on the LLWR Site. LLWR is a live site with a number of contracts and Business as Usual activities being undertaken, where integration is required the *Client* will be responsible for this.
4. Anticipated Framework Value	The current anticipated framework value is up £250-£382m
5. Minimum Framework Value	The *Client* provides no guarantee in relation to the value of spend under the framework.
6. Work Orders	Specific work will be instructed by The *Client* through individual Work Orders, i.e. call-off contracts which will set out the scope of work to be delivered, the timescales for delivery and the pricing method for that Work Order. Work Orders will be instructed by the *Client* in accordance with the process to be prescribed in the VOCD Framework reflecting the principles set out in the Contract. For more complex tasks/works, the *Client* may consider issuing Work Orders on a phased basis – e.g. issuing an initial task order requiring the VOCD to develop a detailed scope / strategy / business case for carrying out the relevant tasks / works, then a subsequent Work Order instructing the VOCD to carry out the tasks / works themselves (if approved by the

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Issue	Principle
	Client). The preparation and responding to Work Orders quotations will be included with the Contractors overhead percentage
7. Insurances	The Contractor /Contractors of the VOCD will be required to provide and maintain the following insurances: • Employers' Liability Insurance with a level of cover not less than £5m or the statutory minimum, whichever is the greater, for any one occurrence throughout the framework term and whilst the works are being carried out; • PI Insurance with a level of cover not less than £5m per claim and in the annual aggregate subject to at least one reinstatement available per policy year throughout the framework term and for a period of 12 years after completion of the works; • Public Liability Insurance with a level of cover not less than £10m for any one event throughout the framework term and whilst the works are being carried out; and • Aviation Liability Insurance compliant with EC 785/2004 with a level of cover not less than £5m, Plus insurances for the following as detailed in the VOCD Framework: • loss of or damage to Plant, Materials and Equipment; • motor vehicle insurance (with a level of cover not less than £1.2m for property damage and unlimited coverage for bodily injury or death); and • loss of or damage to goods in transit. Further specific insurances or increases to the levels of cover noted above may be required for certain Work Orders. Where this is the case, the requirements will be clearly stated within the relevant Work Order.

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Issue	Principle
8. Limit of Liability	Each Work Order issued under the VOCD Framework will contain a provision that limits both the *Client* ' and the Contractor's total liability to each other for matters arising under or in connection with the relevant Work Order. The proposed Limit of Liability is proportionate to the statutory liability regime applicable to civil engineering works in the UK, which will be 12 years for this contract. The design life of the final cap and all component materials shall be 120 years in accordance with all relevant codes and standards (as is typical for highway structures). However, the final cap is expected to continue to function well beyond this period, albeit perhaps beyond the bounds of relevant codes and standards. The Environmental Safety Case (ESC) and Engineering Performance Assessment (EPA) are not bounded by codes and standards. While the final cap may no longer comply with codes and standards after 120 years, the final cap is still expected to perform adequately for the extended timescales required to provide the engineering functions that underpin the ESC and EPA. Therefore, while the design life is 120 years, this is an over-simplification. The requirements of the ESC and EPA mean that there may be limited opportunity for value engineering. The Contractor's liability for matters which are required to be insured under the VOCD Framework / relevant Work Order will be limited to the level of cover that the Contractor is required to have insured under the relevant policy. For liabilities which are not covered by the insurances required to be taken out under the VOCD Framework / relevant Work Order, the Contractor's liability will be capped at 200% of the actual or expected amount to be paid under the relevant Work Order for proper performance of such Work Order, subject to carve-outs for matters including: • fraud or wilful default; • death or personal injury caused by negligence; • breach of data protection requirements;

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Issue	Principle
	• loss of or damage to third party property; • 'pain share' in relation to cost overruns (where a Work Order is being performed on a target cost basis); • delay damages (where applicable); and • third party IPR infringement claims. The *Client*'s aggregate liability under each Work Order will be capped at £1m.
9. Exclusion of Consequential Loss	Neither party will be liable for any (i) indirect or consequential loss or (ii) loss of profit, loss of revenue or other financial losses of the other party, save for any the *Client* suffers in relation to the matters carved-out of the Contractor's overall limit on liability (see row 8 above) which the Contractor shall be liable for.
10. Liquidated and Ascertained Damages for Delay (LADD)	There will be no requirement for LADD within Work Order 1. LADD might be utilised in future Work Orders.
11. Parent Company Guarantee (PCG)/Primary Obligor Guarantee	The financial health and Economic and Financial Standing (EFS) of tenderers will be assessed at the Conditions of Participation (CoP) and award stages. The *Client* will use the following to test their financial health of bidders: • Turnover Threshold • Operating Margin • Net Asset Value • Net Debt / EBITDA • Net Debt + Pension Deficit / EBITDA • Acid Test Ratio • Dun & Bradstreet Risk Indicator. If a bidder is a newly formed SPV or unable to pass one or more of the *Client* EFS tests at CoP and/or award

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Issue	Principle
	stage, it will be required to provide a Parent Company Guarantee (PCG) or Primary Obligor Guarantee from a suitable associated entity that itself passes all of the *Clien*t's EFS tests (such PCG to be provided on a primary obligor basis and to remain in place for the duration of the Contractor's liability under the VOCD Framework). The financial strength of the Contractor (and any required guarantor) will be monitored throughout the life of the framework (with appropriate self-reporting mechanics included). If the financial strength of the Contractor falls below the threshold set by the *Clien*t and this cannot be rectified within 14 days, the Contractor will be required to provide a PCG from a suitable associated entity that does meet the relevant threshold. The *Clien*t shall also have a right of termination should the Contractor's financial health fall below the required threshold (subject to a right of remedy by the Contractor) and a PCG is unable to be provided to the satisfaction of the *Clien*t.
12. Payment Terms	Standard *Clien*t payment terms will apply - payment applications submitted at monthly intervals with payment being paid within the following month (30 days). Applications for payment will be submitted by the Contractor of the VOCD in full, a payment certificate will be provided by the *Clien*t for the payable amount (gross) and invoices will be submitted by the Contractor of the VOCD on the value of the payment certificate. Contractor must maintain prompt payment practises throughout their supply chains in accordance with Procurement Act 2023, ensuring invoices are paid within 30 days and equivalent obligations are cascaded into relevant sub-contractual arrangements.

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Issue	Principle
13. Pricing mechanisms	Work Orders will be priced using the following pricing mechanisms depending on scope maturity, uncertainty, risk level and maturity across different sites, lots and work packages: • Fixed Price (lump sum against activity schedule) • Cost Reimbursable • Target Cost Incentive Mechanism. Further details on each of these mechanics is provided in the VOCD - Commercial Pricing Appendix provided under separate cover. The pricing mechanism applicable to each Work Order will be determined by the *Clien*t and detailed on the Work Order. The *Clien*t anticipates that the majority of the Work Orders will be Options A C or E subject to work scope requirement A percentage of the Contractor's fee will be at risk, dependent on KPI performance and scores.
14. Term	The framework term will be 10 years.
15. Termination	The *Clien*t will have a right to terminate (both the framework contract and any Work Orders) for convenience at any time, subject to payment of the Contractor of the VOCD's reasonable demobilisation costs in relation to any "in-flight" Work Orders (where a Work Order is terminated). There would be no entitlement to be paid loss of profit in such circumstances. The VOCD Framework will also include further right(s) for the *Clien*t to terminate the framework contract and/or Work Orders in the event of Contractor default, including poor Contractor performance and the Contractor's breach of material obligations. No compensation will be payable to the Contractor in such circumstances. Other Contractor default events that entitle the *Clien*t to terminate may include:

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Issue	Principle
	• insolvency triggers / triggers linked to economic and financial standing (see row 11) above; • material breach which cannot be (or is not) remedied; • persistent poor performance; • breach of the change of control provisions; • where the Contractor does anything which, in the *Client*'s opinion, is likely to cause damage to the goodwill, standing or reputation of the *Client*; • termination triggers prescribed by the Procurement Act 2023; and • failure to comply with provisions relating to personal data, confidentiality, anti-bribery and corruption, anti-facilitation of tax evasion or anti-slavery requirements. At the point of termination, any work being undertaken by the Contractor will be returned to the *Client* in an agreed format. The termination of the framework does not trigger an automatic termination of any Work Order contracts.
16. Working Area(s)	For these purposes the Working Area will mean any site (other than the Contractor's own sites, and those of its subcontractors / consortium members') at which the Contractor will perform Works.
17. Clients Obligations	Key *Client obligations* will include: • securing necessary major permissions and regulatory consents for the performance of the delivery of the Scope, excluding the off-site constructability trial panel. • securing rail transport Contractors, assumed to be Direct Rail Services
18. Dispute Resolution	Disputes will be resolved in the first instance by escalation to Senior Executives, followed by mediation (by

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Issue	Principle
	agreement of the parties) and ultimately referral to the courts.
19. Controls over subcontractors	Any subcontractors to be appointed by the Contractor of the VOCD will be subject to the *Clien*t*'s* prior approval (with any sub-contractors identified in the Contractor's tender submission deemed to be approved at the point of contract award). • The *Clien*t will require the Contractor to demonstrate how it is procuring value for money for the VOCD in its selection of sub-contractors during the framework period.
20. Rate structures / Subcontractor mark-up	The Contractor will provide a rate structure at framework level. This rate structure will be used for Work Orders, unless a sub-contractor or specialist is required, in which case this will be identified during the Work Order bidding stage. The bidders will submit a Fee percentage at Framework level. This will be carried through to all Work Orders. Definition of Fee is as set out within NEC4. Further detail will be provided within the Commercial Appendix.
21. Intellectual Property Rights (IPR)	As between the *Client* and the Contractor, the Intellectual Property Rights (IPR) in all Client Technical Information shall remain vested in the Client. The *Client* owns all IPR on work developed under the VOCD Framework unless otherwise stated. Any pre-existing Contractor-owned or licensed IPR that it uses to provide the works will be licensed to the *Clien*t (on a non-exclusive, perpetual, royalty-free, transferable, sub-licensable, worldwide basis).
22. Delay Damages	Where time related performance mechanisms are required, Delay Damages will be capped at a reasonable level, to encourage performance while maintaining commercial balance.
23. Indexation	Considering framework duration, there will be reasonable escalation of rates in line with inflation. All Framework Prices will remain fixed for the first framework year. the first Indexation Adjustment Date shall be one year after the Framework Commencement Date

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Issue	Principle
	The Indexation adjustment shall be determined by multiplying the relevant Framework Price by the percentage increase or decrease in the relevant index which is still to be decided published for the twelve months preceding the relevant Indexation Adjustment Date~~,~~
24. Framework Management	The *Contractor* will be responsible for meeting on a quarterly basis with the Client's Framework Manager to discuss framework matters, including but not limited to performance on the framework, issues or concerns from both parties, pipeline of work. The *Contractor* will be responsible for meeting on an annual basis with the Client's Framework Manager to have an annual review on performance, including but not limited to delivery for each Work Order against KPIs. The *Contractor* will be responsible for bidding for any and all relevant Work Orders where appropriate. The *Contractor* will be responsible for ensuring any and all insurances as set out at Framework level are maintained throughout the life of the framework. The *Contractor* will be responsible for ensuring any all security and information statuses as set out at Framework Level are maintained throughout the life of the framework. The *Contractor* will ensure that all Work Orders are administered properly through CEMAR. The *Contractor* will ensure that they will raise any issues or concerns that will impact the delivery of this framework, with the Client's Framework Manager as soon as they become of aware.
25. Social Value and Sustainability	The *Contractor* will deliver Social Value based on the level of work undertaken at a Work Order level. The *Contractor* will be required to use Contracting Authority social value tool, Thrive, to report on and evidence the delivery of social value commitments. Flexibility and a collaborative approach will be essential. The *Contractor* will deliver Social Value impacts in the areas associated with the Client in West Cumbria. The Contractors will be responsible for funding the delivery of social value commitments. Social Value and Sustainability commitments will be reviewed on an annual basis. Social Value and Sustainability commitments should align with the Client's Social Value Strategy.

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