



SCHEDULE 5.1

MILESTONE PAYMENTS AND CLAIMS PROCEDURE

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SCHEDULE 5.1 – MILESTONE PAYMENTS AND CLAIMS PROCEDURE

1. BACKGROUND

- 1.1 This Schedule 5.1 sets out:
- 1.1.1 the Milestone Payment amounts associated with each Milestone (with the full description of each Milestone and the associated Milestone Date and Milestone Achievement Criteria set out in Schedule 4.1 (Implementation));
 - 1.1.2 the claims procedure applicable to Milestone Payments;
 - 1.1.3 certain payment specific record keeping, audit and reporting obligations;
 - 1.1.4 details of eligibility criteria for Qualifying Capital Expenditure;
 - 1.1.5 the claw-back mechanism applicable to Qualifying Capital Expenditure; and
 - 1.1.6 the Contract Performance retention payment mechanism.

2. THE PROJECT MODEL

- 2.1 The Project Model will form part of this Contract at the Effective Date in accordance with Schedule 5.3.
- 2.2 The Project Model will clearly indicate the Supplier and Authority contributions to capital expenditure required to achieve both the Standard Deployment Plan and In-Fill Deployment Plans, including any Financial Exclusion Threshold Cap.
- 2.3 The Project Model shall be used to support the on-going management of this Contract including providing an on-going record of:
- 2.3.1 Milestone Achievements and associated End User Premises in reach
 - 2.3.2 Movement of End User Premises between the Standard Deployment Plan and In-Fill Deployment Plans with any associated financial adjustments as described in schedule 4.1
 - 2.3.3 The Outturn Investment Ratio described in paragraph 11 below

3. MILESTONE PAYMENTS

The Milestone Payments payable, subject to the terms of this Contract, to the Supplier for Achievement of each Milestone (in accordance with Schedule 4.1 (Implementation)) are as detailed in Appendix 1 to this Schedule 5.1.

4. MILESTONE PAYMENT CLAIMS

- 4.1 Where the Authority has issued a Milestone Achievement Certificate or Partial Milestone Achievement Certificate in respect of a Milestone the Supplier shall be entitled to submit a Milestone Payment Claim (MPC) to the Authority.
- 4.2 The Authority shall make payment to the Supplier, within 30 days of receipt of a MPC that complies with the requirements of this Schedule, of the amount of the Milestone Payment less the Retention (Service) Amount.
- 4.3 The Supplier shall ensure that each MPC contains the following information:
- 4.3.1 the date of the MPC;

- 4.3.2 a unique MPC number;
 - 4.3.3 the unique Milestone reference;
 - 4.3.4 the period and activity to which the MPC relates;
 - 4.3.5 reference to the information required and provided for issue of the corresponding Milestone Achievement Certificate (in accordance with Schedule 4.1 (Implementation));
 - 4.3.6 the MPC Supporting Documentation;
 - 4.3.7 a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries; and
 - 4.3.8 the banking details for payment to the Supplier via electronic transfer of funds (i.e. name and address of bank, sort code, account name and number).
- 4.4 Each MPC shall at all times be accompanied by MPC Supporting Documentation along with copies of any applicable Milestone Achievement Certificates to enable the Authority to assess whether the MPC is correctly calculated and whether any public subsidy is properly payable.
- 4.5 The Supplier shall submit all MPCs and supporting information (including the MPC Supporting Documentation) required under this Schedule in such format as the Authority may reasonably specify to the following address (or such alternative address as notified by the Authority in accordance with this Contract):
- sscaac.payable.eng@surreycc.gov.uk
- 4.6 All Supplier MPCs shall be expressed:
- 4.6.1 in GBP or such other currency as shall be permitted by the Authority in writing; and
 - 4.6.2 without the application or inclusion of VAT.
- 4.7 The Authority shall only regard an MPC as valid if it complies with the provisions of this Contract. Where any MPC does not conform to the provisions of this Contract, the Authority shall return the deficient MPC to the Supplier identifying the deficiencies. The Supplier shall promptly issue a replacement MPC.
- 4.8 Only one MPC submission should take place in any 30 day period, save that where multiple MPCs are to be claimed, these can be consolidated in one submission provided the information noted in this Paragraph 3 is clearly and distinguishably set on a Milestone basis within that submission.
- 4.9 Where a de minimis for the value of a single MPC is set out in the Service Requirements, this must be adhered to by the Supplier save for a final balancing MPC.
- 4.10 Where either Party identifies (whether through MPC verification or otherwise) any overpayment has been made by the Authority (including administrative error and where it becomes apparent a Milestone had not in fact been achieved), the Supplier shall at the Authority's discretion, either:
- 4.10.1 promptly issue a credit note to the Authority for that overpayment ; or
 - 4.10.2 where the overpayment is due to a Default of the Supplier shall refund (within five (5) Working Days from discovery by the Supplier or Authority of the same) the overpayment calculated as follows:

$$C = O + (O \times (\text{interest rate}) \times (T \div 365))$$

Where:

C = the amount of credit;

O = the overpayment;

Interest rate = an annual rate equivalent to 2% above the Bank of England base rate (as adjusted from time to time and set out in the London Financial Times);

T = the number of days between the date on which the overpayment arose and the date on which the notification of the overpayment was made by the Authority or the Supplier to the other party.

- 4.11 Without prejudice to paragraph 4.10 above, where the Authority has reasonable grounds for believing that an overpayment has been made in respect of any MPC, it may request that the Supplier reviews and re-submits verification of the MPC Supporting Documentation evidence provided pursuant to paragraph 5.1 of this Schedule. Such verification shall be provided by the Supplier within fifteen (15) Working Days of receiving that Authority request.
- 4.12 Where a Milestone Payment has been paid in respect of a Partial Milestone Achievement Certificate the Supplier shall either:
- 4.12.1 issue a new Milestone Achievement Report in respect of the End User Premises which were not Achieved prior to the Milestone Date; or
 - 4.12.2 add the End User Premises which were not Achieved prior to the Milestone Date to the immediately subsequent Milestone, provided that the same End User Premises has not previously been re-allocated between Milestones; or
 - 4.12.3 request the Authority's consent (such consent to be given at the Authority's sole discretion) to add the End User Premises which were not Achieved prior to the relevant Milestone Date to any future Milestone.

5. MPC SUPPORTING DOCUMENTATION

- 5.1 Each MPC shall be provided with the following MPC Supporting Documentation:
- 5.1.1 evidence (through copies of invoices, receipts, timesheets, payroll records and other accounting information) that the MPC is for Qualifying Capital Expenditure only and is in relation to the scope of this Contract only;
 - 5.1.2 evidence (through payment or bank records and statements, BACS lists, receipts or other confirmation) that the Qualifying Capital Expenditure has actually been incurred by the Supplier at the date of the MPC;
 - 5.1.3 signed confirmation from a suitably qualified finance representative of the Supplier that:
 - (a) the Qualifying Capital Expenditure is not covered by:
 - (i) any other form of public subsidy; or
 - (ii) more than one form of public subsidy; and

- (b) the Milestone Payment claimed is matched by an equivalent sum of Qualifying Capital Expenditure;
- 5.1.4 signed confirmation from a suitably qualified finance representative of the Supplier that part apportionment or allocation of Qualifying Capital Expenditure between this Contract and other contracts or services provided by the Supplier, is accurate and a fair reflection of the work carried out;
- 5.2 signed confirmation from a suitably qualified finance representative of the Supplier that the Qualifying Capital Expenditure has been properly incurred and is in accordance with the financial control, financial management and internal risk processes of the Supplier. The confirmation should also state that the Qualifying Capital Expenditure has been incurred and is in accordance with the accounting requirements for Qualifying Capital Expenditure, and is consistent with accepted accounting practice and the accounting policies that the Supplier applies under its corporate financial reporting and audit standards;
 - 5.2.1 details of Additional Supplier Expenditure incurred in the period to which the MPC relates, such that the Authority can calculate investment ratios in accordance with this Schedule; and
 - 5.2.2 the relevant Contract Management Report.
- 5.3 In all cases the MPC Supporting Documentation shall be of sufficient detail to allow the Authority to determine the eligibility of the relevant Qualifying Capital Expenditure and the validity of the MPC.
- 5.4 As part of its own internal financial control process, the Authority (and/or its agents or representatives) may undertake a review of the payments made under this Contract (such reviews taking place on an annual basis and, in addition, where there are reasonable grounds to consider a material error has been made in respect of an MPC). In such circumstances, the Authority (and/or its agents or representatives) may require the Supplier to provide, as soon as is reasonably practical, additional reasonable assistance and supporting information regarding any MPC (as supplementary assurance to the evidence provided pursuant to paragraph 5.1).

6. RETENTION

- 6.1 The Contract Management Report shall be provided by the Supplier in accordance with Part B of Schedule 2 and the Authority may withhold the Retention (Service) Amount from a Milestone Payment according to the provisions of Part B of Schedule 2. The 'Retention (Service) Amount' will be 5% of a Milestone Payment
- 6.2 Within 10 days of the receipt by the Authority of the Contract Management Report the Authority shall notify the Supplier either that:
 - 6.2.1 the Contract Management Report is agreed and all relevant standards have been met for that Milestone and therefore the Retention (Service) Amount will be paid, whereupon the Authority shall pay such amount to the Supplier in accordance with the information contained in the MPC Claim within 30 days; or
 - 6.2.2 in the event that the Contract Management Report identifies that the Supplier has not met all of the relevant standards in respect of a Milestone, the Authority may withhold the Retention (Service) Amount in accordance with Part B of Schedule 2 and require the Supplier to provide Contract Management Update Reports.
- 6.3 If the Authority notifies the Supplier that it is required to provide Contract Management Update Reports:

- 6.3.1 the Supplier shall provide to the Authority within 15 Working Days after such notification, a "**Correction Plan**" detailing: the reasons for the continued sub-standard performance; and
- 6.3.2 the steps which the Supplier proposes to take to resolve the sub-standard performance and the timescale within which such steps shall be taken.
- 6.4 The parties shall agree the Correction Plan and the proposed steps required to be taken to resolve the Supplier's sub-standard performance and the Supplier shall carry out the steps in accordance with the Correction Plan.
- 6.5 The Supplier shall regularly provide to the Authority Contract Management Update Reports identifying the Supplier's progress in complying with the Correction Plan until all the steps identified in the Correction Plan are completed.
- 6.6 Upon completion of the steps identified in the Correction Plan to the satisfaction of the Authority, the Retention (Service) Amount will be paid, whereupon the Authority shall pay such amount to the Supplier in accordance with the information contained in the MPC Claim within 30 days.

7. **PROJECT ACCOUNTS AND FINANCIAL RECORDS**

- 7.1 The Supplier shall maintain separate summary Project Accounts (for use, among other matters, for reconciliation of MPC claims to expenditure and costs incurred and to calculate the financial reporting measures relating to clawback as described in paragraphs 10 to 15). The Project Accounts shall include:
 - 7.1.1 a summary revenue and expenditure statement (including public subsidy received) in respect of this Contract;
 - 7.1.2 a record of Network assets created or deployed in respect of this Contract;
 - 7.1.3 an Investment Fund account, including opening and closing balances;
 - 7.1.4 supporting notes and information as appropriate for the reasonable understanding of the Project Accounts.
- 7.2 The Project Accounts shall be:
 - 7.2.1 prepared on a basis that is consistent with the accounting policies that the Supplier applies under its own corporate financial reporting and audit standards; and
 - 7.2.2 subject to the Supplier's own internal and external audit procedures.
- 7.3 Within 30 days of each anniversary of the Effective Date the Supplier shall submit to the Authority a copy of the Project Accounts and an accompanying short narrative report for the preceding 12 months, certified by a suitably qualified finance representative or the external auditor of the Supplier.
- 7.4 The Supplier shall maintain accounting records for all Qualifying Capital Expenditure funded partly or wholly pursuant to this Contract in accordance with Clause 37. These accounting records shall include, original invoices, receipts, accounts, deeds, bank records and any other relevant documentation whether in written or electronic form.

8. **SUPPLIER AUDIT**

The Supplier shall ensure that all public subsidy it receives pursuant to this Contract is subject to the Supplier's own internal and external audit processes.

9. INVESTMENT RATIOS

- 9.1 The Supplier shall ensure that the Project Model:
- 9.1.1 contains the details of all Additional Supplier Expenditure that is forecast to be incurred over the Term; and
 - 9.1.2 calculates a Project Investment Ratio.
- 9.2 Between the Effective Date and the end of Initial Deployment Period the Authority shall from time to time calculate the Outturn Investment Ratio. The Outturn Investment Ratio shall be compared to the Project Investment Ratio to report on the level of overall Supplier investment.
- 9.3 Where any Outturn Investment Ratio indicates that Actual Additional Supplier Expenditure is below or is likely to be below that forecast in the Project Model, then the Parties shall work together to ensure that by the end of the Initial Deployment Period Actual Additional Supplier Expenditure is equal to the Additional Supplier Expenditure forecast in the Project Model.
- 9.4 Where any Outturn Investment Ratio indicates that Actual Additional Supplier Expenditure is above or is likely to be significantly above that forecast in the Project Model, then the Authority shall use reasonable endeavours to consider with the Supplier whether any adjustments may be made to the remaining Deployed Services (without adversely impacting upon their compliance with the Service Requirements). However, for the avoidance of doubt, this paragraph 9.4: (i) does not represent an obligation to agree any change to the Parties' respective contracted obligations; and (ii) any agreement arising from such consideration would be subject to the Change Control Procedure.
- 9.5 Any Supplier expenditure forecast used for the purposes of the Project Model and/or the ratios described in this paragraph 9 must be consistent with the then current Project Plan.

10. CLAW-BACK

The procedures set out in paragraphs 11 to 15 apply to support the prevention of public funds being used to over-subsidise the provision of the Deployed Services under this Contract.

11. OVER-SUBSIDY CLAW-BACK: CAPITAL EXPENDITURE

- 11.1 Where at the end of the Initial Deployment Period the Outturn Investment Ratio at that time indicates that Actual Additional Supplier Expenditure is below the Additional Supplier Expenditure forecast in the Project Model (i.e. an under-spend), then the Authority shall be entitled to require:
- 11.2 a reasonable and proportionate adjustment to the remaining Milestone Payments or the timing of the remaining Milestone Payments in accordance with the Change Control Procedure; and/or
- 11.2.1 the Additional Supplier Expenditure under-spend (or any remaining Additional Supplier Expenditure under-spend, having also exercised its right under paragraph 11.1.1 above) shall be credited by the Supplier to the Investment Fund.

12. OVER-SUBSIDY CLAW-BACK: POST IMPLEMENTATION

- 12.1 At each Take-up Review Point the Supplier shall perform an assessment of Take-Up in accordance with paragraph 12.2.
- 12.2 At each Take-up Review Point the Supplier shall submit updated Project Accounts to the Authority which shall include actual total Take-Up per Project

Period. The actual Take-up shall be compared to the forecast Take-up as shown in the Project Model, for each Project Period, from the Effective Date to the relevant Take-up Review Point. If the sum of the cumulative actual Take-up per Project Period (being the Cumulative Sum in the column of the table exemplified below) is more than the cumulative forecast Take-up per Project Period the difference represents a "**Net Additional Take-up**" - see table below for example:

12.3 Exposure to claw-back at each interim Take-up Review Point shall be calculated as follows:

Exposure to claw-back at Take-up Review Point = Net Additional Take-up x Project Unit Margin x (1 – the higher of (i) the Project Investment Ratio; or (ii) the Outturn Investment Ratio)

12.4 At each interim Take-Up Review Point, a Take-up Reinvestment Amount shall be calculated as follows:

Take-up Reinvestment Amount = (Exposure to claw-back at Take-up Review Point less any Take-up Reinvestment Amounts previously credited to the Investment Fund) x 50%

Any positive Take-up Reinvestment Amount shall be credited by the Supplier to the Investment Fund within 10 Working Days.

12.5 At the final Take-up Review Point a Final Take-up Claw Back Amount shall be calculated, with reference to the Net Additional Take-up across the Term (i.e. less any amounts reinvested pursuant to paragraph 14.1), as follows:

Final Take-up Claw-back Amount = Exposure to claw-back at Take-up Review Point less any Take-up Reinvestment Amounts previously credited to the Investment Fund

Any Final Take-up Claw-back Amount shall be credited by the Supplier to the Investment Fund within 10 Working Days.

13. **OVER-SUBSIDY CLAW-BACK: ADDITIONAL SERVICES**

13.1 At each Additional Service Review Point the Supplier shall perform an assessment of Additional Service Revenue in accordance with paragraph 13.2.

13.2 At each Additional Service Review Point the Supplier shall submit updated Project Accounts to the Authority, additionally showing actual total Additional Service Revenue for the Project. The actual Additional Service Revenue shall be compared to the forecast Additional Service Revenue as shown in the Project Model, from the Effective Date to the relevant Additional Service Review Point. If the actual Additional Service Revenue is more than the forecast Additional Service Revenue the difference represents a "**Net Additional Service Revenue**". Exposure to claw-back at each interim Additional Service Review Point shall be calculated as follows:

Additional Service Revenue Amount = (Net Additional Service Revenue x A%: where A is the margin on revenue stated in the Project Model as the gainshare ratio, less any Additional Service Revenue Amounts previously credited to the Investment Fund) x 50%.

Any Additional Service Revenue Amounts shall be credited by the Supplier to the Investment Fund within 10 Working Days.

13.3 At the final Additional Service Review Point a Final Additional Service Claw Back Amount shall be calculated, with reference to the Net Additional Service Revenue across the Term (i.e. less any amounts reinvested pursuant to paragraph 14.1), as follows:

- Final Additional Service Claw Back Amount = Net Additional Service Revenue x A%: where A is the margin on revenue stated in the Project Model as the gainshare ratio, less any Additional Service Revenue Amounts previously credited to the Investment Fund.

13.4 Any Final Additional Service Claw Back Amount shall be credited by the Supplier to the Investment Fund within 10 Working Days.

14. INVESTMENT FUND REINVESTMENT AND FUND RETURN

14.1 During the Term the Parties shall work together to invest the Investment Fund, in a manner consistent with the State Aid Terms, on capital investment in the Network such that, by the end of the Term, the Investment Fund is reduced to zero. This will be a collaborative process, between the Parties, using the Change Control Procedure and applying the implementation regime as provided under this Contract (including as set out in Schedule 4.1 (Implementation), with MPCs submitted in accordance with this Schedule 5.1).

14.2 If at the end of the Term (following completion of the processes described in paragraphs 11 to 13) the Investment Fund remains a positive amount, this shall be returned by the Supplier to the Authority as soon as reasonably practical in the form of an electronic re-payment (with the payment details to be notified to the Supplier by the Authority). The amounts returned pursuant to this provision or otherwise re-invested from the Investment Fund shall not exceed the total public subsidy received by the Supplier during the Term.

15. INVESTMENT FUND: ACCOUNTS AND INTEREST

15.1 The Investment Fund shall be detailed in the Project Accounts.

15.2 The Supplier shall supplement the Investment Fund by depositing into it an amount equivalent to interest on the sum in the Investment Fund calculated on a monthly compound basis at an annual rate equivalent to 2% above the Bank of England base rate (as adjusted from time to time and set out in the London Financial Times).

16. SURVEY ASSUMPTIONS

16.1 Not used

APPENDIX 1

- Notes:
 - (1) The Milestone Payments in the table above are illustrative and, because Milestone Payments are made against the actual Qualifying Capital Expenditure of the Network being deployed to the actual number of End User Premises within the period specified, claims for Milestone Payment may differ from the amounts in the table although the overall aggregate total of Milestone Payments shall remain as set out in the table above.

APPENDIX 2

QUALIFYING CAPITAL EXPENDITURE CATEGORIES

AUTHORITY FUNDING

Permitted Expenditure under the Authority Capital Funding (not ERDF or local authority revenue funding)	Expenditure not attracting the Authority Capital Funding
<p>“Permitted Expenditure” is that expenditure incurred by the Supplier which will attract the capital public subsidy made available by the Framework Authority and local authorities for the purposes of this Contract. This definition does not apply to European Funding which is governed by separate eligibility criteria (and termed “eligible expenditure”) or to other forms of subsidy that may be available (e.g. local authority revenue funding or RDPE)</p> <p>Permitted Expenditure is that Supplier expenditure which (i) can be reasonably allocated or apportioned to this Contract; (ii) is incurred in accordance with this Contract; (iii) is directly attributable to bringing the wholesale broadband infrastructure to the location and working condition necessary for its intended use; and (iv) is capable of being capitalised under generally accepted accounting practices</p> <p>In the event that expenditure pertains to broadband infrastructure that might be used to provide services to both “white” and other broadband areas, then the Supplier should apportion that expenditure according to the expected level of consumer take up in the respective areas.</p> <p>Detailed categories of Supplier Permitted Expenditure will be dependent on the solution offered. FOR GUIDANCE ONLY the following categories of Supplier expenditure are deemed to be Permitted Expenditure:</p>	<p>The following are examples of expenditure by the Supplier which will not attract the capital public subsidy made available by the Framework Authority and local authorities for the purposes of this Contract. This examples do not apply to European Funding which is governed by separate eligibility criteria (and termed “eligible expenditure”) or to other forms of subsidy that may be available (e.g. local authority revenue funding or RDPE)</p> <p>Supplier expenditure that will not attract the capital public subsidy made available by the Framework Authority and local authorities is any Supplier expenditure which is (i) not incurred in accordance with this Contract; (ii) not directly attributable to bringing the wholesale broadband infrastructure to the location and working condition necessary for its intended use; (iii) cannot be reasonably allocated or apportioned to this Contract; and/or (iv) is not capable of being capitalised under generally accepted accounting practices</p> <p>Detailed categories of Supplier expenditure will be dependent on the solution offered. FOR GUIDANCE ONLY the following categories of Supplier expenditure are considered as not attracting capital public subsidy made available by the Framework Authority and local authorities for the purposes of this Contract :</p> <p>Expenditure supported from other government sources or EC structural funds</p> <p>Operating and maintenance costs of the broadband infrastructure created</p>

Permitted Expenditure under the Authority Capital Funding (not ERDF or local authority revenue funding)	Expenditure not attracting the Authority Capital Funding
<p>The cost of tangible broadband infrastructure (plant, machinery and equipment) in both active and passive layers)</p> <p>Infrastructure installation and assembly costs</p> <p>Cost of active electronics, data transport and backhaul equipment</p> <p>Software and systems (including reporting systems) development costs directly attributable to bringing the broadband infrastructure into use</p> <p>Staff costs directly attributable to bringing the broadband infrastructure into use</p> <p>Planning, way-leaves, site investigation and site preparation costs directly attributable to bringing the broadband infrastructure into use (expenditure that will attract subsidy under Milestone 0)</p> <p>Network termination equipment and Customer Premises Equipment as required to deliver wholesale services</p> <p>Power connection costs</p> <p>Borrowing costs (capitalised under IAS 23) which are attributable to bringing the broadband infrastructure into use and where the Authority has a policy of capitalising such costs.</p> <p>Professional fees directly attributable to bringing the broadband infrastructure into use (expenditure that will attract subsidy under Milestone 0)</p>	<p>Additional costs incurred as a result of Supplier under performance against or in breach of this Contract</p> <p>Retail connection costs and Customer Premises Equipment at retail level.</p> <p>Operating costs of providing broadband services (wholesale or retail) to third parties and consumers</p> <p>Demand surveys, marketing other sales costs</p> <p>Corporation tax and non domestic rates</p> <p>Power and other utility running costs</p> <p>Costs Incurred before the date of this Contract (including bid costs)</p> <p>Any cost relating to insurance and insurance policies</p> <p>Customer acquisition and churn costs</p> <p>General corporate or unabsorbed overheads</p> <p>Depreciation, amortisation and impairment of assets</p> <p>Service and financing costs under finance leases, of broadband infrastructure, plant, machinery and equipment</p> <p>Operating lease rentals</p> <p>Provisions and contingent liabilities (including for risk related to this Contract)</p> <p>Supplier profit mark up, margin or administration charge that is added to the actual bought in costs of goods or services procured from third parties</p> <p>Administration and general management costs</p> <p>Dividends</p>

Permitted Expenditure under the Authority Capital Funding (not ERDF or local authority revenue funding)	Expenditure not attracting the Authority Capital Funding
	<p>Other interest and financing charges</p> <p>Costs resulting from the deferral of payments to creditors</p> <p>Costs involved in winding up a company</p> <p>Payments for unfair dismissal;</p> <p>Payments into private pension schemes</p> <p>Payments for un-funded pensions</p> <p>Compensation for loss of office</p> <p>Bad debts arising from loans to employees, proprietors, partners, directors, guarantors, shareholders or a person connected with any of these</p> <p>Payments for gifts and donations</p> <p>Payment for entertainment</p> <p>Input VAT reclaimable by the Supplier</p> <p>Statutory fines and penalties</p> <p>Criminal fines and damages</p> <p>Legal expenses in respect of litigation</p> <p>Expenditure on works or activities which any person has a statutory duty to undertake</p> <p>Any liability arising out of negligence</p> <p>Professional fees not directly attributable to bringing the broadband infrastructure into use</p>