

## **SCHEDULE 7**

### **Charging & Operational Pricing**

#### **1. Scope**

1.1 This Schedule 7 sets out the following pricing and financial provisions related to this Agreement:

- (A) Milestone Payments;
- (B) Service Charges;
- (C) Annual Contract Indexation
- (D) the Billing Model (and, for information, the Bid Pricing Template);
- (E) Service Provider invoicing; and
- (F) TUPE True-up Payment.

Certain of the Service Charges set out in this Schedule are derived from an allocation between this Agreement and the BOps Services Agreement of amounts which relate to the Service Provider's provision of services under both agreements. Accordingly, the Parties have agreed that if the BOps Services Agreement is terminated then such Service Charges shall be amended in accordance with paragraph **3.6**.

#### **2. Milestone Payments**

2.1 The maximum aggregate amount payable by TfL in relation to the Service Provider's delivery of the Milestones is the Implementation Cost as set out in Table 1 (Milestones) of Schedule 3 (*Milestones and Deliverables*), such amount being payable as follows:

- (A) eighty per cent. (80%) as the aggregate of the Milestone Payments in respect of all of the Milestones (excluding Milestone T10 (CC Lez Initial Operational Review Complete));
- (B) ten per cent. (10%) as the Milestone Payment for Milestone T10 (CC/Lez Initial Operations Review Complete); and
- (C) ten per cent. (10%) as the aggregate of the On-time Delivery Payments in respect of the Key Milestones,

such amounts being payable in accordance with paragraphs 7 and 8 of Schedule 3 (*Milestones and Deliverables*).

2.2 When payable in accordance with paragraphs 7 and 8 of Schedule 3 (*Milestones and Deliverables*), the Service Provider shall submit a request for a Milestone Payment and/or an On-time Delivery Payment using the Billing Model in accordance with

paragraph 7 below.

### 3. **Service Charges**

- 3.1 Subject to paragraphs 3.2 and 3.6, TfL shall pay the following Service Charges each month during the Operational Phase:

#### (A) **Operational Charge**

A variable charge calculated by entering actual volumes of each Operational Chargeable Process in that month into the Billing Model.

For the avoidance of doubt, the Billing Model calculates the Operational Charge from the actual volumes of the Operational Chargeable Processes by reference to (i) a fixed staff unit rate and (ii) a fixed non-staff unit rate (in each case as set out in the Billing Model).

In relation to the Change Number CBSL142 (Royal Mail to Whistl), the following charges shall apply only to those documents identified in the Change Request as being in scope for moving from Royal Mail to Whistl for outbound postage:

| Postage Type                 | Provider | Per Pack Rate   | Notes   |
|------------------------------|----------|-----------------|---|
| <b>Whistl 2 Day Sorted</b>   | Whistl   | <b>REDACTED</b> | Pass-Through Charge subject to paragraph 5  |
|                              | Capita   | <b>REDACTED</b> | Variable Operational Charge in Annex A Billing Model, subject to Annual Indexation as per paragraph 4, using the Operational Charge Indexation rate – AWE: Whole Economy K54L |
| <b>Whistl 2 Day Unsorted</b> | Whistl   | <b>REDACTED</b> | Pass-Through Charge subject to paragraph 5  |
|                              | Capita   | <b>REDACTED</b> | Variable Operational Charge in Annex A Billing Model, subject to Annual Indexation as per paragraph 4, using the Operational Charge Indexation rate – AWE: Whole Economy K54L |

For the avoidance of doubt, the above rates are split into two elements:

- i) a unit per pack rate for the third party Whistl costs (charged as Pass-Through) and
- ii) Capita per pack rate as set out in Schedule 7 Annex A Billing Model.

#### (B) **Support Charge (Staff)**

A fixed monthly charge, such amount depending on the Operational Year in which the month occurs as detailed within the “Support Charge (Staff) sheet of the fixed Service Charges spreadsheet below, specifically, those

Operational Years highlighted as being within the Initial Term:

**REDACTED**

and if, prior to the end of the Initial Term, TfL elects to extend this Agreement for an Extended Term, a fixed monthly amount for each month during that Extended Term, such amount depending on the length of Extended Term elected as detailed within the “Support Charge (Staff) sheet of the fixed Service Charges spreadsheet above, specifically, those Operational Years highlighted as being within the Extended Term::

and if during the Extended Term TfL elects to further extend the Extended Term, such amount as is determined by the Parties in accordance with the Change Control Request Procedure.

**(C) Support Charge (Non-Staff)**

A fixed monthly charge, such amount depending on the Operational Year in which the month occurs as detailed within the “Support Charge (Non Staff)” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those Operational Years highlighted as being within the Initial Term;:

and if, prior to the end of the Initial Term, TfL elects to extend this Agreement for an Extended Term, a fixed monthly amount for each month during that Extended Term, such amount depending on the length of Extended Term elected as detailed within the “Support Charge (Non Staff)” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those Operational Years highlighted as being within the Extended Term;

and if during the Extended Term TfL elects to further extend the Extended Term, such amount as is determined by the Parties in accordance with the Change Control Request Procedure.

**(D) Overhead Charge**

A fixed monthly charge, such amount depending on the Operational Year in which the month occurs as detailed within the “Overhead” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those Operational Years highlighted as being within the Initial Term;

and if, prior to the end of the Initial Term, TfL elects to extend this Agreement for an Extended Term, a fixed monthly amount for each month during that Extended Term, such amount depending on the length of Extended Term elected as detailed within the “Overhead” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those

Operational Years highlighted as being within the Extended Term;  
and if during the Extended Term TfL elects to further extend the Extended Term, such amount as is determined by the Parties in accordance with the Change Control Request Procedure.

(E) **Pass-Through Charges**

The aggregate of all Pass-Through Charges payable by TfL in accordance with paragraph 5 below;

3.2 The Service Charges in a month shall be reduced (in the case of paragraphs 3.2(A), 3.2(C) and 3.2(D)) or increased (in the case of paragraph 3.2(B)) by the following (to the extent applicable):

- (A) **Service Failure Deductions** for that month, calculated in accordance with Schedule 5 (*Service Level Agreement*) (the Service Failure Deduction Cap for a month being **REDACTED** of the total Service Charge for that month, except that in the 3 month period immediately following the ULEZ Operational Commencement Date (for the avoidance of doubt projected to be April, May and June 2019) the Service Failure Deduction Cap for each of those 3 months shall be **REDACTED**. **REDACTED** of the total Service Charges, excluding any Service Charges that are due under or pursuant to the ULEZ Central Change);
- (B) **Customer Satisfaction Incentive Payments**, if any, due that month, calculated in accordance with Schedule 5 (*Service Level Agreement*);
- (C) **Gainshare** payable by the Service Provider within the three (3) months following the publication Service Provider Financial Statements, calculated in accordance with Schedule 23 (*Gainsharing*); and
- (D) any other deductions due in accordance with this Agreement (including any overpayments made by TfL to the Service Provider).

3.3 If TfL elects an Extended Term, or further extension of the Extended Term, which is a non-integer multiple of twelve (12) months and:

- (A) the Service Provider can demonstrate to TfL's reasonable satisfaction (and in advance of doing so) that to deliver the Services during such Extended Term it must incur:
  - (1) a Third Party's licence fees or support and maintenance fees for Software in the Service Systems; or
  - (2) rent payable to a Third Party for Service Provider Premises,
 in 12-monthly increments; and
- (B) to the extent requested by TfL, the Service Provider allows TfL to participate in, or provides TfL with information in respect of, the associated extension discussions with the relevant Third Party,

then TfL shall, in addition to the fixed monthly charges set out in paragraphs 3.1(C) and 3.1(D) above, reimburse the Service Provider for such Third Party fee or rent

which the Service Provider has incurred (in equal monthly instalments in arrears).

- 3.4 The Service Charges set out in this paragraph 3 in respect of Extended Terms do not include charges for any refresh or replacement of equipment that may be required in respect of any such Extended Term. If TfL elects to extend this Agreement for an Extended Term (or to further extend the Extended Term) the additional Service Charges (if any) payable for any necessary equipment refresh or replacement shall be determined in accordance with the Change Control Request Procedure, provided that Annex F sets out the maximum amount of any such additional Service Charges.
- 3.5 For the first and the last months in the Operational Phase, the fixed Charge Elements for that month shall be pro-rated to reflect the proportion of the days in the month which fall within the Operational Phase.
- 3.6 If the EOps Services Agreement is terminated, the Support Charge (Staff), Support Charge (Non-Staff) and Overhead Charge shall be adjusted as set out in Annex E.
- 3.7 Any changes to the Service Charges (save as described in paragraphs 3.2 and 3.6) must be considered and implemented in accordance with:
  - (A) Schedule 9 (*Change Control Request Procedure*); or
  - (B) Schedule 36 (*Value for Money Review Process*).
- 3.8 If the monthly volume of all Operational Chargeable Processes within a Process Category exceeds the relevant Process Category Upper Volume Threshold for three (3) consecutive months:
  - (A) the Parties shall discuss whether Changes to the Services or Service Systems are required in order to address the volume of the relevant process(es) within that Process Category and, if appropriate shall consider and implement the relevant Changes (and associated change to the Service Charges) in accordance with the Change Control Request Procedure: and
  - (B) TfL may, in its absolute discretion, agree to disapply the accrual of Service Failure Points in respect of the excess volume of the relevant process(es) within that Process Category.
- 3.9 In any month for which the total monthly volume of all Operational Chargeable Processes within a Process Category is lower than the relevant Process Category Lower Volume Threshold, the Operational Charges for that month in respect of the Operational Chargeable Processes within that Process Category shall be calculated by entering into the Billing Model volumes for each Operational Chargeable Process within that Process Category equal to 40% (forty per cent) of the Process Volume Baseline for that month for that Operational Chargeable Process (and if a billing month crosses two calendar months the volume entered in the Billing Model will be calculated using daily volumes derived from the Process Volume Baseline for the relevant calendar month pro-rated by the number of days in that calendar month). For the avoidance of doubt, if in such circumstances the total monthly volume of an Operational Chargeable Process within such Process Category is higher than the 40% (forty per cent) of the Process Volume Baseline for that month then the volume entered into the Billing Model shall be 40% (forty per cent) of the of the Process

Volume Baseline for that month.

- 3.10 If the monthly volume of all Operational Chargeable Processes within a Process Category is lower than the relevant Process Category Lower Volume Threshold for three (3) consecutive months, the Parties shall discuss whether Changes to the Services or Service Systems are required in order to address such volume of the relevant process(es) within that Process Category and, if appropriate shall consider and implement the relevant Changes (and associated change to the Service Charges) in accordance with the Change Control Request Procedure.

#### 4. **Annual Contract Indexation**

- 4.1 On the first day of each Operational Year (each such date being an for the duration of the Agreement, the Operational Charge, Support Charge (Staff), Support Charge (Non-Staff) (excluding the **REDACTED** Charges), Overhead Charge and Day Rates shall be adjusted in accordance with the following formula:

$$C_{t+1} = C_t \times \max\left(1, \frac{Index_t}{Index_{t-1}}\right)$$

Where:

C = Charge Element (or Day Rate)

t = the year immediately prior to the anniversary date on which Indexation is being applied;

t - 1 = the year immediately prior to year t;

t + 1 = the year immediately after year t

Index = for each Charge Element, the value of applicable index for that Charge Element (as set out in the table below) as at the end of the month

which is eight (8) months after the first day of year t-1;

| Charge Element             | Applicable Index  |
|----------------------------|---|
| Operational Charge         | AWE: Whole Economy; K54L  |
| Support Charge (Staff)     | MM19: 5002630000: Average Weekly Earnings Index for 26-30; K502 |
| Support Charge (Non-Staff) | PPI:7112260000: Comp, electronic and optical prods; K387        |
| Overhead Charge            | RPI, Table 20 All items   |

Source: [www.ONS.gov.uk](http://www.ONS.gov.uk)

For the avoidance of doubt Pass-Through Charges are not subject to Indexation.

## 5. **Pass-Through Charges**

- 5.1 The Service Provider may charge TfL for those costs and expenses properly paid by the Service Provider to Third Parties in connection with the provision of the Services, provided that:
- (A) the relevant Third Party and a description of the type of cost must first be included in the Billing Model;
  - (B) no margin, uplift or administration fee (or similar increase) may be charged by the Service Provider in respect of such costs or expenses;
  - (C) the amount of such costs or expenses must be reasonable (or approved in advance by TfL).
- 5.2 The Service Provider shall ensure that all Pass-Through Charge which it incurs are fair and reasonable and represent the best value available to TfL, including without limitation by using bulk discount schemes to reduce costs. Without prejudice to Clause 36 (*Audit and Inspection*):
- (A) the Service Provider shall maintain and on request furnish such particulars as TfL may reasonably require in relation to a Pass-Through Charge in order that TfL may be satisfied that such Pass-Through Charge is fair and reasonable; and
  - (B) TfL shall have the right to inspect and audit Pass-Through Charges in accordance with Clause 36 (*Audit and Inspection*).
- 5.3 For the avoidance of doubt, TfL accepts that Postal Charges from third party providers, such as Royal Mail and Whistl, are charged as a Pass-Through Charges.
- 5.4 If the Service Provider has charged TfL, as Pass-Through Charges, for items that are

not properly payable by TfL in accordance with this paragraph 5, TfL shall be entitled to recover from the Service Provider the cost of such items and any further costs and expenses incurred by TfL in respect of any inspection or audit carried out by TfL, plus interest on such sums at the Interest Rate and in accordance with Clause 28 (*Interest*) (calculated over the period from the date of the over-payment by TfL to the date of the Service Provider's reimbursement thereof).

## 6. **The Billing Model**

- 6.1 The Billing Model as at the date of this Agreement is attached as Annex A to this Schedule. The Billing Model shall be updated throughout the Term, such updates to be considered and implemented in accordance with the Change Control Request Procedure.
- 6.2 The Service Provider shall ensure that the Document Library at all times contains the up-to-date version of the Billing Model.

## 7. **Service Provider Invoicing**

- 7.1 The Service Provider may include details of Charges applicable under this Agreement and the BOPs Services Agreement on a single invoice.
- 7.2 During the Implementation Phase, the Service Provider shall within ten (10) Working Days after the Acceptance of a Milestone populate the Billing Model with the Milestone Payment and any On-Time Delivery Payment which is due in respect of that Milestone (in accordance with paragraph 2) and submit it to TfL for Approval.
- 7.3 During the Operational Phase, the Service Provider shall within ten (10) Working Days after the end of a month populate the Billing Model with the Service Charges due in relation to that month (in accordance with paragraph 3) and submit all relevant Operational Chargeable Process Reports (excluding the **REDACTED** Charges which shall be reported by the Service Provider in accordance with paragraph 7.9 below), Performance Reports and any other documentation reasonably required by TfL detailing the Service Provider's performance for that month (including as required pursuant to Schedule 10 (*Contract Management and Reporting*) and Schedule 5 (*Service Level Agreement*)).
- 7.4 If Relief Event Costs are agreed or determined to be payable by TfL in accordance with Clause 56, the Service Provider shall include an amount equal to such Relief Event Costs in the next Billing Model which is populated pursuant to paragraph 7.1 or paragraph 7.3.
- 7.5 Following termination or Partial Termination of this Agreement, the Service Provider shall (if applicable) within ten (10) Working Days of the Termination Compensation Date populate the Billing Model with the Termination Compensation due in relation to such termination or Partial Termination (in accordance with Clause 62.2 and Schedule 6 (*Termination Compensation*)).
- 7.6 When paid by the Service Provider, the Service Provider shall ensure that Gainshare is recorded in the next Billing Model which is populated pursuant to paragraph 7.1 or paragraph 7.2.
- 7.7 Following Approval of the populated Billing Model pursuant to paragraph 7.1, 7.3, 7.5



or 5 (such Approval to be completed reasonably promptly), the Service Provider may issue invoices for the amounts set out in the Approved Billing Model, provided that the Service Provider shall ensure that each such invoice is:

(A) issued:

- (1) during the Implementation Phase, in the format set out in Annex B; and
- (2) during the Operational Phase, in the format set out in Annex C; and

(B) addressed to the following address (or such other address as may be notified by TfL to the Service Provider from time to time in accordance with Clause 73 (*Notices*):

Accounts Payable,  
Transport for London (TfL),  
Financial Service Centre (FSC),  
PO Box 45276,  
14 Pier Walk,  
London, SE10 1AJ

(C) delivered in PDF format via email to the following email address, or such other email address as may be notified by TfL to the Service Provider from time to time in accordance with Clause 73 (*Notices*):

Accountspayable@tfl.gov.uk

7.8 TfL shall make such payments properly due to the Service Provider in accordance with this Schedule to the following bank account (or such other bank account as may be notified by the Service Provider to TfL from time to time in accordance with Clause 73 (*Notices*)):

7.9 In the event the Bops Agreement is terminated, the Service Provider shall within ten (10) Working Days after the end of each month submit a complete and accurate Report in the format set out in Annex G.

**CAPITA BUSINESS SERVICES LTD**

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Fax: +44 (0)20 7504 3551

Email Remittances to:

CBSremittances@capita.co.uk

**REDACTED**

## 8. **TUPE True-Up**

- 8.1 Adjustments will be made to the line item titled "TUPE True-Up" in the Billing Model in accordance with this paragraph 8.
- 8.2 TfL shall pay to the Service Provider an amount equal to **REDACTED** on or before the date which is ten (10) Working Days after the TE Operational Commencement Date, as an estimate of the Redundancy Costs and Direct Staff Costs in respect of Transferring Employees (the "**Estimated TUPE Costs**").
- 8.3 Three (3) months after the CC/LEZ Operational Commencement Date, TfL and the Service Provider will work together to calculate the aggregate actual Redundancy Costs and actual Direct Staff Costs that the Service Provider has incurred for each Transferring Employee, including any such costs which have been incurred but which have not been paid by or on behalf of the Service Provider (the "**Actual TUPE Costs**").
- 8.4 As soon as reasonably practicable following agreement as to the calculation of the Actual TUPE Costs:
  - (A) if the Actual TUPE Costs exceed the Estimated TUPE Costs, and provided that the Service Provider has provided to TfL such evidence of payment of the Actual TUPE Costs as TfL may reasonably request TfL shall pay to the Service Provider an amount equal to the difference between the Actual TUPE Costs and the Estimated TUPE Costs.
  - (B) if the Estimated TUPE Costs exceed the Actual TUPE Costs, the Service Provider shall pay to TfL an amount equal to the difference between the Actual TUPE Costs and the Estimated TUPE Costs.
- 8.5 The Service Provider shall provide such evidence of the Actual TUPE Costs as is reasonably requested by TfL to verify the figures being calculated.
- 8.6 The Service Provider agrees to make reasonable efforts and to take any such steps as may be reasonable in the circumstances to minimise the number and extent of any redundancies of Transferring Employees.
- 8.7 For the purposes of this paragraph 8:
  - (A) "**Direct Staff Costs**" means, in respect of a Transferring Employee, the salary, benefits and associated payroll-related taxes (including all employer and employee National Insurance Contributions) of such Transferring Employees, within the period from the Relevant Transfer Date to the date which is three (3) months after the Relevant Transfer Date; and
  - (B) "**Redundancy Costs**" means, in respect of a Transferring Employee, the redundancy sums reasonably incurred by the Service Provider within the period from the Relevant Transfer Date to the date which is three (3) months

after the CC/LEZ Operational Commencement Date being:

- (1) notice monies (to the extent it was not reasonably practicable for notice to be worked);
- (2) statutory and contractual redundancy pay; and
- (3) any pension scheme related costs,

for such Transferring Employee, provided that such Transferring Employee has remained assigned (within the meaning of the TUPE Regulations) to the provision of the services and is dismissed solely on grounds of redundancy (within the meaning of section 139 Employment Rights Act 1996) and provided that the Service Provider has not amended, so as to be more favourable to such Transferring Employee, any terms related to redundancy,

but excluding:

- (4) any payments made pursuant to a settlement or compromise agreement; and
- (5) any payments ordered to be paid by a court or tribunal of competent jurisdiction in respect of any breach of the Transferring Employee's rights, including without limitation any payments or awards made in respect of unfair dismissal, unlawful discrimination and/or failure to inform and consult.

8.8 Any issue or Dispute in relation to this paragraph 8 (including the calculation of the Actual TUPE Costs) shall be resolved in accordance with the Dispute Resolution Procedure.

## 9. **Bid Pricing Template**

9.1 The Bid Pricing Template is attached at Annex B for information only. For the avoidance of doubt, although the Bid Template as at the date of this Agreement reflects the Bid Pricing Template:

- (A) the Bid Pricing Template will not be maintained during the Term;
- (B) the Bid Pricing Template will not be used for calculating or amending the Service Charges; and
- (C) if assumptions in the Bid Pricing Template are shown to be inaccurate, TfL shall be under no obligation to agree to any amendment to the Service Charges.

## 10. **ULEZ Central Change – Microsoft & BizTalk Licenses**

10.1 Upon completion of Milestone 5 (completion of User Acceptance Testing and None Functional Testing, as documented within the ULEZ Central Change), the Service Provider shall assess whether any additional Microsoft SQL Server and/or BizTalk server licenses (as referred to in the ULEZ Central Change) are required. Where additional licenses are deemed required by the Service Provider, the Service Provider

shall provide to TfL a Change Control Request and Impact Assessment demonstrating the same and TfL shall provide approval via an executed Change Authorisation. TfL shall bear all costs relating to the support and maintenance of such licences. For the avoidance of doubt, TfL shall not be required to bear the cost of purchasing the licenses themselves.

11. **ULEX Volumes Adjustment Mechanism**

11.1 The Parties shall comply with Annex H of this Schedule 7 which sets out the mechanism by which:

- (A) certain volumes of Operational Chargeable Processes relating to the ULEX, DVS and LEZ 20 Change are to be adjusted, in accordance with paragraph 2 below; and
- (B) certain fixed elements of the Service Charges are adjusted throughout the remainder of the Term, in accordance with paragraph 3 below.

## ANNEX A

### BILLING MODEL

The Billing Model as at the date of this Agreement is embedded below and included in the Exchanged CD.

**REDACTED**

The current version of the Billing Model is embedded below:

**REDACTED**

#### 1. Discount on Day Rates

1.1 From the 1<sup>st</sup> July 2020, TfL shall be entitled to a discount to the Day Rates detailed in the Billing Model, such discount to be calculated and applied as set out below:

(A) **REDACTED**; and

(B) where, in respect of a TfL Financial Year, the sum of

- (1) the One-off Charge,
- (2) increases in the Support Charge – Staff,
- (3) increases in the Support Charge – Non Staff; and
- (4) increases in Overhead Charges,

arising as a result of all Changes in connection with this Agreement and the BOps Services Agreement (excluding the ULEX, DVS & LEZ 20 Change) within such TfL Financial Year is equal to or more than the 'TfL spend on Change' for that TfL Financial Year as set out in the table below, an additional **REDACTED** discount shall retrospectively be applied to the Day Rates in connection with each of the Changes in that TfL Financial Year:

| TfL Financial Year ending | TfL spend on Change |
|---------------------------|---------------------|
| 31 March 2021             | <b>REDACTED</b>     |
| 31 March 2022             | <b>REDACTED</b>     |
| 31 March 2023             | <b>REDACTED</b>     |
| 31 March 2024             | <b>REDACTED</b>     |
| 31 March 2025             | <b>REDACTED</b>     |

|               |                 |
|---------------|-----------------|
| 31 March 2026 | <b>REDACTED</b> |
| 31 March 2027 | <b>REDACTED</b> |

1.2 The Service Provider shall calculate the discount set out at paragraph 1.1(B) of this Annex A at the end of each TfL Financial Year and shall:

(A) notify TfL of the sum of such discount as soon as possible following the end of the TfL Financial Year; and

issue a credit note to TfL for the sum of such discount in the month of June following the end of the TfL Financial Year (for example, in the case of the TfL Financial Year ending on 31<sup>st</sup> March 2021, the Service Provider will issue any such credit note due under this paragraph 1.2 to TfL by no later than 30<sup>th</sup> June 2021).

**ANNEX B****INVOICING TEMPLATE (IMPLEMENTATION PHASE)****Invoice (Implementation Phase)**

|         |                           |            |
|---------|---------------------------|------------|
| TfL     | Invoice Date:             | 20/07/2015 |
| Address | Invoice Number:           | [●]        |
|         | <b>Authority Purchase</b> |            |
|         | <b>Order:</b>             | TfL [●]    |

**Milestone Payment**

(\*Refer to Milestone Reference in Schedule 3)

|                                  |            |
|----------------------------------|------------|
| <b>Milestone Completion date</b> | 30/06/2015 |
|----------------------------------|------------|

|                          | <b>Amount £<br/>Sterling</b> |   | <b>Amount £<br/>Sterling</b> |
|--------------------------|------------------------------|---|------------------------------|
| Milestone Payment Value  | £[●]                         |   |                              |
| On-time Delivery Payment | £[●]                         | - | £[●]                         |
| Less Other Deductions    | -£[●]                        | - | £[●]                         |

|  |      |
|--|------|
| <b>Total Charges for the month Excluding VAT</b> | £[●] |
|--|------|

|           |      |
|-----------|------|
| Total VAT | £[●] |
|-----------|------|

|                             |      |
|-----------------------------|------|
| <b>Total Amount Payable</b> | £[●] |
|-----------------------------|------|

## ANNEX C

### INVOICING TEMPLATE (OPERATIONAL PHASE)

|  |                           |                 |         |
|--|---------------------------|-----------------|---------|
| <b>Invoice (Operational Phase)</b>                         |                           |                 |         |
| TfL  | Invoice Date:             |                 | [●]     |
| Address  | Invoice Number:           |                 | [●]     |
|  | <b>Authority Purchase</b> |                 | TfL [●] |
| <b>Schedule of Charges [Example]</b>                       |                           |                 |         |
| Reference – Schedule 7                                     |                           |                 |         |
| <b>Fixed month Charges</b>                                 |                           |                 |         |
| From:  | To:                       |                 |         |
|  |                           | <b>Amount £</b> |         |
|  |                           | <b>Sterling</b> |         |
| <b>Charges for BOps agreement</b>                          |                           |                 |         |
| Operational Charge   |                           | £[●]            |         |
| Support Charge (Staff)                                     |                           | £[●]            |         |
| Support Charge (Non-Staff)                                 |                           | £[●]            |         |
| Overhead Charge  |                           | £[●]            |         |
| Pass-Through Charges                                       |                           | £[●]            |         |
| <b>Less</b>  |                           |                 |         |
| Service Failure Deductions against Invoice XX              |                           | -£[●]           |         |
| Customer Satisfaction Incentive Payment against Invoice XX |                           | -£[●]           |         |
| <b>Net charges for BOps</b>                                |                           |                 | £[●]    |
| <b>Charges for EOps agreement</b>                          |                           |                 |         |
| Operational Charge   |                           | £[●]            |         |
| Support Charge (Staff)                                     |                           | £[●]            |         |
| Support Charge (Non-Staff)                                 |                           | £[●]            |         |
| Overhead Charge  |                           | £[●]            |         |
| Pass-Through Charges                                       |                           | £[●]            |         |
| <b>Less</b>  |                           |                 |         |
| Service Failure Deductions against Invoice XX              |                           | -£[●]           |         |
| Customer Satisfaction Incentive Payment against Invoice XX |                           | -£[●]           |         |
| <b>Net charges for EOps</b>                                |                           |                 | £[●]    |
| Gainshare against Invoice XX                               |                           |                 | -£[●]   |
| <b>Total Charges for the month Excluding VAT</b>           |                           |                 | £[●]    |
| Total VAT  |                           |                 | £[●]    |
| <b>Total Amount Payable</b>                                |                           |                 | £[●]    |



## **ANNEX D**

### **PRICING TEMPLATE**

The Bid Pricing Template is embedded below and included in the Exchanged CD.

Password is **REDACTED**

**REDACTED**

## ANNEX E

### ADJUSTMENTS UPON TERMINATION OF THE EOPS SERVICES AGREEMENT

If the BOps Services Agreement is terminated, the Service Charges shall be adjusted by replacing paragraphs 3.1(B), 3.1(C) and 3.1(D) in this Schedule with the following corresponding provisions.

**(B) Support Charge (Staff)**

A fixed monthly charge, such amount depending on the Operational Year in which the month occurs as detailed within the “ANNEX E-Sup Charge (Staff)” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those Operational Years highlighted as being within the Initial Term::

and if, prior to the end of the Initial Term, TfL elects to extend this Agreement for an Extended Term, a fixed monthly amount for each month during that Extended Term, such amount depending on the length of Extended Term elected as detailed within the “ANNEX E-Sup Charge (Staff)” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those Operational Years highlighted as being within the Extended Term;

and if during the Extended Term TfL elects to further extend the Extended Term, such amount as is determined by the Parties in accordance with the Change Control Request Procedure.

**(C) Support Charge (Non-Staff)**

A fixed monthly charge, such amount depending on the Operational Year in which the month occurs as detailed within the “ANNEX E-Sup Charge (Non Staff)” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those Operational Years highlighted as being within the Initial Term:

and if, prior to the end of the Initial Term, TfL elects to extend this Agreement for an Extended Term, a fixed monthly amount for each month during that Extended Term, such amount depending on the length of Extended Term elected as detailed within the “ANNEX E-Sup Charge (Non Staff)” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those Operational Years highlighted as being within the Extended Term:

and if during the Extended Term TfL elects to further extend the Extended Term, such amount as is determined by the Parties in accordance with the Change Control Request Procedure.

In addition to the fixed monthly charge referred to in this paragraph 3.1 (C), a monthly variable charge in respect of the Cloud Services (the “**REDACTED**”

Charges”) shall be calculated as follows:

$$\text{REDACTED Charges} = (A + (A * B)) * (1 + C)$$

**REDACTED**

Where:

A = is the total amount payable by the Service Provider in respect of the Service Provider’s utilisation of the Cloud Services in its provision of the Services under this Agreement in the relevant month, taking account of any applicable discounts under the Cloud Agreements; and

B = **REDACTED** (platform managed service fee)

C = **REDACTED** (Capita’s overhead & margin)

(D) **Overhead Charge**

A fixed monthly charge, such amount depending on the Operational Year in which the month occurs as detailed within the “ANNEX E-Overhead” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those Operational Years highlighted as being within the Initial Term:

and if, prior to the end of the Initial Term, TfL elects to extend this Agreement for an Extended Term, a fixed monthly amount for each month during that Extended Term, such amount depending on the length of Extended Term elected as detailed within the “ANNEX E-Overhead” sheet of the fixed Service Charges spreadsheet provided in paragraph 3.1 (B) above, specifically, those Operational Years highlighted as being within the Initial Term:

If the EOps Services Agreement is terminated, the discount on Day Rates mechanism shall be adjusted by replacing paragraph 1 of Annex A in this Schedule with the following corresponding provisions:

1. **Discount on Day Rates**

1.1 From the 1<sup>st</sup> July 2020, TfL shall be entitled to a discount to the Day Rates detailed in the Billing Model, such discount to be calculated and applied as set out below:

(A) where the One-off Charge in relation to any Change in connection with this Agreement or the EOps Services Agreement (excluding the ULEX, DVS & LEZ 20 Change) exceeds **REDACTED**, **REDACTED** discount shall apply to the

Day Rates in connection with such Change; and

- (B) where, in respect of a TfL Financial Year, the sum of
- (1) the One-off Charge,
  - (2) increases in the Support Charge – Staff,
  - (3) increases in the Support Charge – Non Staff; and
  - (4) increases in Overhead Charges,

arising as a result of all Changes in connection with this Agreement (excluding the ULEX, DVS & LEZ 20 Change) (following the deduction of any discount applicable under paragraph 1.1(A)) within such TfL Financial Year is equal to or more than the 'TfL spend on Change' for that TfL Financial Year as set out in the table below, an additional **REDACTED** discount shall retrospectively be applied to the Day Rates in connection with each of the Changes in that TfL Financial Year:

| TfL Financial Year ending | TfL spend on Change |
|---------------------------|---------------------|
| 31 March 2021             | <b>REDACTED</b>     |
| 31 March 2022             | <b>REDACTED</b>     |
| 31 March 2023             | <b>REDACTED</b>     |
| 31 March 2024             | <b>REDACTED</b>     |
| 31 March 2025             | <b>REDACTED</b>     |
| 31 March 2026             | <b>REDACTED</b>     |
| 31 March 2027             | <b>REDACTED</b>     |

1.2 The Service Provider shall calculate the discount set out at paragraph 1.1(B) of this Annex A at the end of each TfL Financial Year and shall:

- (A) notify TfL of the sum of such discount as soon as possible following the end of the TfL Financial Year; and
- (B) issue a credit note to TfL for the sum of such discount in the month of June following the end of the TfL Financial Year (for example, in the case of the TfL Financial Year ending on 31<sup>st</sup> March 2021, the Service Provider will issue any such credit note due under this paragraph 1.2 to TfL by no later than 30<sup>th</sup> June 2021).

## **ANNEX F**

### **CAPS FOR INCREMENTAL REFRESH/REPLACEMENT COSTS (COMBINED BOPS and EOPS)**

For Operational Years in an Extended Term during which the BOps Services Agreement remains effective, the amount of additional Service Charges payable for equipment refresh/replacement plus any additional charges under the BOps Services Agreement in that Operational Year payable for equipment refresh/replacement shall not exceed the amounts set out in Table 1 below:

Table 1

**REDACTED**

For Operational Years in an Extended Term in which the BOps Services Agreement does not remain effective, the amount of additional Service Charges payable for equipment refresh/replacement shall not exceed the amounts set out in Table 2 below:

Table 2

**REDACTED**

## **ANNEX G**

### **REDACTED CHARGES REPORT TEMPLATE**

**REDACTED**

## Annex H

### VOLUME PRICING ADJUSTMENT MECHANISM

#### 1. **Scope**

1.1 This Schedule 7 Annex H sets out the mechanism by which:

- (A) certain volumes of Operational Chargeable Processes relating to the ULEX, DVS and LEZ 20 Change are to be adjusted, in accordance with paragraph 2 below; and
- (B) certain fixed elements of the Service Charges are adjusted throughout the remainder of the Term, in accordance with paragraph 3 below.

#### 2. **ULEX, DVS and LEZ 20 Change Volumes Adjustment**

2.1 By no later than 15/01/2021, TfL shall provide a Change Control Request to update Schedule 2: Statement of Requirements, Appendix 25 (Enforcement Volumes) to reflect changes to:

- (A) the Projected ULEZ Operational Volumes;
- (B) the Projected DVS Enforcement Operational Volumes; and/or
- (C) the Projected LEZ 20 Operational Volumes

such changes in volumes being provided in the same format and including the same level of detail as provided in Schedule 2 (Statement of Requirements) Appendix 25 (Enforcement Volumes). In addition to the above, the Parties shall work in good faith to determine a set of monthly volumes for each of items (A), (B), and (C) above.

2.2 Following receipt of such Change Control Request, and subject to paragraphs 2.3, 2.4 and 2.5 below, the Service Provider shall provide to TfL an Impact Assessment in accordance with the requirements of Schedule 9 (Change Control Request Procedure).

2.3 Notwithstanding any other obligations it may have under this Agreement, the Service Provider shall promptly provide any information that TfL reasonably requires to demonstrate how and in what manner any impact of such changes directly arises from the revised volumes provided under paragraph 2.1 and that the Service Provider has minimised any adverse impact and maximised any beneficial impact to

TfL. The Parties shall use reasonable endeavours to complete the Impact Assessment and execute a Change Authorisation in respect of the Change Control Request referred to in paragraph 2.1 above prior to 31/03/2021.

- 2.4 Unless otherwise agreed in writing by the Parties, the Impact Assessment referred to in paragraphs 2.2 and 2.3 above shall be limited in scope to the impact of changes in the volume of Operational Chargeable Processes upon the following items:
- (A) the number and cost for licences for the Software provided by **REDACTED**, as set out in row 11 on the “FP – 3rd Party & Other” sheet and rows 51 and 52 on the “Operational Fixed Charges” sheet within the “ULEX, DVS & LEZ 2020 Price Submission” spreadsheet embedded in the ULEX, DVS & LEZ 20 Change Impact Assessment;
  - (B) Front Office (CCM) Charges as set out in row 20 on the “FP – 3rd Party & Other” sheet and rows 53 and 54 on the “Operational Fixed Charges” sheet within the “ULEX, DVS & LEZ 2020 Price Submission” spreadsheet embedded in the ULEX, DVS & LEZ 20 Change Impact Assessment;
  - (C) accommodation and accommodation set up charges, as set out in row 30 on the “FP – 3rd Party & Other” sheet within the “ULEX, DVS & LEZ 2020 Price Submission” spreadsheet embedded in the ULEX, DVS & LEZ 20 Change Impact Assessment;
  - (D) accommodation (alternative strategy/savings review) charges, as set out in row 32 on the “FP – 3rd Party & Other” sheet and rows 55, 58 and 62 on the “Operational Fixed Charges” sheet within the “ULEX, DVS & LEZ 2020 Price Submission” spreadsheet embedded in the ULEX, DVS & LEZ 20 Change Impact Assessment;
  - (E) back office, IT and client finance recruitment, salaries & training charges, as set out in rows 35, 36 and 38 on the “FP – 3rd Party & Other” sheet and rows 13, 14, 21, 22, 26, 27, 28, 29, 30 and 33 on the “Operational Fixed Charges” sheet within the “ULEX, DVS & LEZ 2020 Price Submission” spreadsheet embedded in the ULEX, DVS & LEZ 20 Change Impact Assessment;
  - (F) charges for Business Continuity Plan seats, as set out in row 37 on the “FP –



3rd Party & Other” sheet and row 56 on the “Operational Fixed Charges” sheet within the “ULEX, DVS & LEZ 2020 Price Submission” spreadsheet embedded in the ULEX, DVS & LEZ 20 Change Impact Assessment.

- (G) charges associated with extending the call centre operating hours at the ULEX Operational Commencement Date.

- 2.5 The Parties shall also agree and document in the Impact Assessment the minimum number of Service Provider Personnel in each Variable Role required to support the volume of Operational Chargeable Processes prior to the ULEX Operational Commencement Date (the “Minimum VR Headcount”).

### 3. **Ongoing Fixed Service Charges Review**

- 3.1 The Parties acknowledge that:

- (A) the Service Charges contain fixed and variable elements;
- (B) the ULEX, DVS & LEZ 20 Change introduced additional fixed charge elements principally relating to specific management roles and their associated costs;
- (C) the actual cost to which these additional fixed charge elements relates are subject to change depending on the front office and back office headcount; and
- (D) the front office and back office CSR headcount vary depending on the volume of Operational Chargeable Processes processed by the Service Provider, the forecast for such volumes being set out in Schedule 2 Appendix 3 (Enforcement Volumes).

- 3.2 In order to ensure that these additional fixed charge elements properly reflect the Service Provider’s actual costs, of providing the Services in accordance with this Agreement the Parties have agreed to undertake a regular review and adjust the

Service Charges where appropriate in accordance with the following process.

3.3 Table 1 below sets out:

- (A) the roles referred to in paragraph 2.1(B) above (the “Variable Roles”);
- (B) the expected ratio of each of the Variable Roles to the number of Customer Service Representatives (CSRs);
- (C) whether the Variable Roles relate to either the front office or back office;
- (D) the ratio of Service Provider Personnel in each of the Variable Roles required to deliver the Services to the number of CSRs (the “Role Ratio”); and;
- (E) the Minimum VR Headcount agreed and documented in accordance with paragraph 2.5 above;
- (F) the charge rate per month for each of the Variable Roles used to calculate the relevant Charge Element (the “Monthly Charge Rate”).

**Table 1: Variable Fixed Service Charges Table**

| Variable Role                        | Back or Front Office Process | Role Ratio     |               | Minimum Variable Role Headcount | Monthly Charge Rate |
|--------------------------------------|------------------------------|----------------|---------------|---------------------------------|---------------------|
|                                      |                              | Ratio A (Role) | Ratio B (CSR) |                                 |                     |
| Team Leader                          | Back Office                  | 1              | REDACTED      | TBC                             | REDACTED            |
| Operations Manager                   | Back Office                  | 1              | REDACTED      | TBC                             | REDACTED            |
| Quality Assurance Representative     | Back Office                  | 1              | REDACTED      | TBC                             | REDACTED            |
| Workflow Analyst                     | Back Office                  | 1              | REDACTED      | TBC                             | REDACTED            |
| Workflow Scheduler                   | Back Office                  | 1              | REDACTED      | TBC                             | REDACTED            |
| Trainers/Superusers                  | Back Office                  | 1              | REDACTED      | TBC                             | REDACTED            |
| Client Finance - Technician          | Back Office                  | 1              | REDACTED      | TBC                             | REDACTED            |
| CCM Operations Manager               | Front Office                 | 1              | REDACTED      | TBC                             | REDACTED            |
| CCM Quality Assurance Representative | Front Office                 | 1              | REDACTED      | TBC                             | REDACTED            |

3.4 Each of the Monthly Charge Rates detailed in the sixth column of Table 1 shall be subject to Indexation in accordance with the index applicable to Support Charge (Staff) as set out in paragraph 4 of Schedule 7 (Charging & Operational Pricing).

3.5 The ULEX, DVS & LEZ 20 Change included a forecast of the additional front office CSR headcount and back office CSR headcount (in each case the “Baseline CSR

Headcount”) required for the additional volumes of Operational Chargeable Processes arising from the ULEX, DVS & LEZ 20 Change. The number of Service Provider Personnel for each of the Variable Roles was calculated using these forecasts and the relevant Role Ratio and were documented within the ULEX, DVS & LEZ 20 Change, (the “Baseline VR Personnel”).

- 3.6 Every 6 months, or such other period agreed between the Parties, starting 6 months following the ULEX Operational Commencement Date the Parties shall meet to review the actual back office CSR headcount and the actual front office CSR headcount (in each case the “Actual CSR Headcount”). Where the Actual CSR Headcount differs from the relevant Baseline CSR Headcount and such differential is not caused by or contributed to by the failure of the Service Provider, the Parties shall use the formula below to calculate the number of Service Provider Personnel required to fulfil each of the Variable Roles (the “Required Personnel”):

Required Personnel = the greater of:

$X / RR$  (rounded up or down to the nearest whole number as appropriate)

or

the Minimum VR Headcount

Where:

X = the Actual CSR Headcount

RR = Role Ratio for the applicable Role as set out in Table 1 above

(for example: **REDACTED**.)

- 3.7 With effect from the date six (6) months following the date of the ULEX Operational Commencement Date and thereafter at six-month intervals (each such date being a “Support Charges Review Date” and each interval of six months being a “Review Period”), where the Required Personnel for any Variable Role as at each Support Charges Review Date differs from the Baseline VR Personnel the current Service Charges (the “Baseline Support Charges”) shall be adjusted in accordance with the formula below to calculate the revised Support Charges (the “Revised Support

Charges”):

$$\text{Revised Support Charges} = \text{Baseline Support Charges} + \text{SUM}_{\text{VR}} ((\text{RP}_{\text{VR}} - \text{BP}_{\text{VR}}) * \text{Y}_{\text{VR}})$$

Where:

RP = the Required Personnel

BP = Baseline VR Personnel

Y = the Monthly Charge Rate

VR = each of the Variable Roles

### **REDACTED**

- 3.8 The Parties shall raise and agree a Change to adjust the Service Charges detailed in Schedule 7 (Charging & Operational Pricing) to reflect the Revised Service Charges.
- 3.9 The Revised Support Charges shall apply from each Support Charges Review Date.
- 3.10 For the purposes of this paragraph 3, upon agreement of a Change in accordance with paragraph 2.7 above:
  - (A) the Revised Support Charges shall become the Baseline Support Charges;
  - (B) the Actual CSR Headcount shall become the Baseline CSR Headcount;
  - (C) the Required Personnel shall become the Baseline VR Personnel.
- 3.11 Where at any Support Charges Review Date the actual number of Service Provider Personnel performing each of the Variable Roles is either higher or lower than the Baseline VR Personnel set under paragraph 3.10(C) from the previous review, the Service Provider shall explain the variance to the reasonable satisfaction of TfL and the Parties shall discuss, in good faith, whether it is appropriate to amend the relevant Role Ratio.