

Annex 6 – Appendix 1

SCHEDULE 7.1C

CHARGES AND INVOICING

During the Period, Schedule 7.1 (Charges and Invoicing) shall be replaced in its entirety by Schedule 7.1C (Charges and Invoicing).

PART A: GENERAL

1. GENERAL

1.1 This Schedule details:

- 1.1.1 the Charges for the Authority Related Services under this Agreement during the Period;
- 1.1.2 **NOT USED**; and
- 1.1.3 the invoicing procedure.

1.2 Indexation shall not apply to the Charges or any other payments under this Agreement.

1.3 Without prejudice to Paragraph 4.3 below, where the Supplier is likely to incur previously unforeseen costs or there are potential movements in forecasted costs that are likely to alter the Supplier's annual budgetary forecast of costs by 5% or more, the Supplier shall inform the Authority as soon as practicable.

1.4 The Supplier shall report to the Authority on Supplier Premises Charges during the Period incurred on a Monthly basis as part of the Supplier Premises Monthly Forecast.

2. NOT USED

3. NOT USED

4. ACRF PAYMENT MODEL

4.1 TCIF, Gainshare/Painshare, and additional fee mechanisms including ACIM shall continue to be Suspended for the Period. These mechanisms will be replaced with the ACRF Payment Model being the payment mechanism as set out in Schedule 19, for the Period.

4.2 The Supplier shall only be entitled to the relevant Charges and the related costs as detailed in this Schedule 7.1C during the Period for

4.2.1 the Authority Related Services; and

4.2.2 for Non-Authority Related Services.

and shall not be entitled to invoice for any other sums relating to this Period.

- 4.3 The Charges shall be calculated by reference to the ACRF Payment Model set out in Schedule 19.
- 4.4 The Charges shall be the sum of:
 - 4.4.1 Subject to the following provisions of this Paragraph 4, the actual costs properly incurred in the delivery of the Authority Related Services; and
 - 4.4.2 the actual costs properly incurred in respect of Non-Authority Related Services; and
 - 4.4.3 the Management Fee;
 - 4.4.4 the PVT Incentive Fee (if applicable, pursuant to Paragraph 4.12); and
 - 4.4.5 the Supplier Premises Charges with fee payable in accordance with paragraph 46a) Schedule 19
- 4.5 The Authority shall consider specific requests for unbillable costs that are COVID19 related on a case by case basis in advance of such costs being incurred by the Supplier in accordance with Paragraph 46(f) of Schedule 19. The Authority will notify the Supplier if the Authority determines the costs to be unbillable and then the Supplier will be responsible for paying such costs if it chooses to incur such costs. For the avoidance of doubt these costs may arise after the Period and such costs will be treated as Pass-through Costs.
- 4.6 The Authority shall consider evidence in writing of Unforeseen Incremental Costs on a case by case in accordance with the relevant provisions of paragraph 46(g) of Schedule 19.
- 4.7 The Management Fee payable to the Supplier for the Period shall be as set out in Paragraph 21 of Schedule 19 subject to
 - 4.7.1 financial redress in accordance with Paragraph 22 of Schedule 19 should Monthly Volume Targets be missed (subject to a “true up” pursuant to Paragraph 4.12 if the PVT is met);
 - 4.7.2 Service Credits that may fall due in month in accordance with Paragraph 21 of Schedule 19, and
 - 4.7.3 an end of Period PVT Incentive Fee which may be payable in accordance with Paragraph 4.12
- 4.8 NOT USED
- 4.9 In the event the Monthly Volume Targets are not achieved in a Month, the Management Fee payable to the Supplier for the Period shall be reduced based on the reduced fee structure in the table below (and which reductions shall be subject to a “true up” pursuant to Paragraph 24 of Schedule 19 if the PVT is met or exceeded
- 4.10 The Authority agrees that the volume of delivered Assessments to be considered for the purposes of the Monthly Volume Targets shall be based primarily on the delivery of Assessments through telephony and paper. The

volume of Assessments delivered via video will also contribute towards the Supplier's total volume of Assessments delivered. Face to Face assessments will also be considered to the extent circumstances allow these to be performed.

4.11 Not used.

4.12 If at the end of the Period the Supplier meets the criteria set out at Paragraph 25 of Schedule 19, the Supplier shall be entitled to the PVT Incentive Fee in accordance with Paragraph 25 of Schedule 19.

4.13 For the avoidance of doubt, as referred to in Paragraph 23 of Schedule 19, no in month incentive shall be payable for the Supplier exceeding Monthly Volume Targets per month.

5. NOT USED

6. NOT USED

7. COSTS

7.1 The Supplier shall exclude from Actual Costs the following:

- 7.1.1 costs for the IT ASIS service incurred and paid by the Authority;
- 7.1.2 costs for improvement to the Authority Premises in accordance with Schedule 15.1 (Estates);
- 7.1.3 NOT USED
- 7.1.4 NOT USED;
- 7.1.5 Estate costs charged to the Authority via Pass-through Costs;
- 7.1.6 costs for Courier services incurred and paid by the Authority;
- 7.1.7 Costs for Royal Mail Collection Services, Business Reply Envelopes and postage for outputs produced by the ASIS IT System incurred and paid by the Authority (Pre-paid envelopes from Royal Mail, which are required by the Supplier to deliver the Services, and are outside of those produced by the ASIS System, will be procured by the Supplier and charged to the Authority as a Pass-through Cost);
- 7.1.8 Other Pass-through Costs (Schedule 1 Definitions refers); and
- 7.1.9 NOT USED.

7.2 Examples of allowable categories of cost that will (subject to Paragraph 7.1 above) be reimbursed are summarised in Annex 3 of this Schedule 7.1C.

7.3 NOT USED

7.4 In respect of expenses to be incurred for travel and subsistence (and which form part of the Target Cost), the Supplier shall comply with the Authority's

expenses policy set out in the link below). It is acknowledged that the Authority may change its own expenses policy from time to time. In the event it does so (i) the Authority shall provide a copy of the same via the Change Control Procedure (ii) the Supplier shall assess any detrimental impact on billable costs that would occur if such new policy were applicable (iii) the Supplier and the Authority shall agree exceptions to any such new policy (such that the Supplier shall not suffer any increase in its unbillable costs as a result of the updates in the Authority's expenses policy) (iv) once the exceptions are agreed, the Authority and the Supplier shall agree a contract variation replacing the embedded expense policy with the new version and the agreed exceptions.



[REDACTED]
Schedule 7.1 Annex

7.5 Should the Supplier wish to secure additional premises for the purposes of delivering the Authority Related Services, other than In Scope Supplier Premises, beyond 29 February 2016, requests to do so should be made to the Authority in writing with supporting rationale. The Authority will respond to the Supplier's request within five (5) Working Days. The Authority shall not unreasonably withhold approval. Under this Paragraph 7.5, as part of the Second Estate Contract Change, Authority approval was given to the Supplier to acquire four rooms in Bristol (and are part of the Supplier Premises Charges during the Period).

7.6 Should the Supplier wish to secure additional premises to house Supplier Personnel for the Supplier's convenience, the Supplier shall submit to the Authority a request in writing supported by a business case. The Authority will respond to the Supplier's request within ten (10) Working Days. Should approval be given by the Authority, any Actual Costs incurred by the Supplier in connection with those Premises will be treated as a Pass-through Cost and reimbursed by the Authority but no additional Supplier fees will be payable.

8. SALARY CHALLENGE

8.1– 8.7 Not used.

- 8.8 As agreed as part of the negotiations covering the period 1st March 2021 – 31st July 2023 the Authority shall make available a contingency provision in respect of the increase to the Supplier's HCPs' salaries and associated employer's costs (including, without limitation, employer's contribution to tax and national insurance) up to a maximum sum of £[REDACTED] (two hundred and fifty thousand pounds) across the entire 29 month period for the **sole purpose** of mitigating the risks arising from incremental market rate movements and to ensure recruitment can be sustained in all geographic areas. This contingency provision shall cover any potential increase in the Target Cost resulting from such incremental market rate movements.
- 8.9 The Supplier will discuss its proposals for specific cost items to address these incremental market rate movements in advance of their implementation as follows:
- 8.9.1 in relation to proposals to be implemented during the 29 month period (including, but not limited to, retention bonuses which are proposed to apply at any point during that period) the Supplier will provide evidence of the incremental market rate movement for the requirement of such implementation to the Account Director via controlled correspondence for such implementation to be agreed by the Account Director on behalf of the Authority. The Account Director shall not unreasonably withhold or delay his/her agreement to such implementation based on the principles set out in controlled correspondence reference [REDACTED] following receipt of that evidence to verify that the salary increments and other costs are due to incremental market rate movement and the Account Director shall respond via controlled correspondence within 5 Working Days of receipt of all such Evidence provided by the Supplier as reasonably required by the Authority.
- 8.10 Should the cost items be agreed by the Authority, the Payment Model will be updated accordingly. Updates will follow every three months to reflect any additional salary proposals the implementation of which were agreed by the Account Director (up to a maximum of the maximum contingency agreed for the 29 month period of £[REDACTED])
- 8.11 Notwithstanding paragraphs 8.8 – 8.10 the Supplier may incur Actual Costs as it considers necessary to address incremental market rate movements. Proposals which are implemented without the Account Director's agreement will not be reflected in any adjustment to the Target Cost and Target Fee and any updates to the Payment Model
- 8.12 The Actual Costs of a Salary Increase of [REDACTED] for each year is already included in the Target Costs for 2 years of BAU service delivery following transition to BAU from operating under Schedule 19. However, the Supplier will treat this [REDACTED] as a maximum level for Salary increases. If the Supplier concludes that a lower salary increase is appropriate, the balance will be removed from the Target Cost. Neither Party shall benefit from Gainshare as a result of such removal of any balance from Target Cost. If the Supplier wishes to offer a Salary increase in excess of [REDACTED], this should be discussed with the Authority and agreed with the Account Director prior to implementation.

9. SERVICE POINTS AND SERVICE CREDITS

- 9.1 The financial value of Service Credits shall be calculated by reference to the number of Service Points accrued pursuant to the provisions of Schedule 2.2 (Performance Levels) (as amended) and the Performance Matrix.

9.2 In respect of Service Delivery Years 7 – 9 the Service Credit Price Point Value is fixed at £[REDACTED]. Therefore, each Month, the total number of Service Points across all Service Levels shall be converted into a financial deduction (a Service Credit) using the following formula:

$$\text{Service Credit} = \text{Total Service Points} \times \text{£[REDACTED]}$$

9.3 The liability of the Supplier in respect of Service Credits shall be subject to the Service Credit holiday referred to in Paragraph 10 of Schedule 19, Clause 25.4 (Financial and other Limits) and the operation of any Service Credit Cap.

9.4 Service Credits are a reduction of the Charges payable in respect of the relevant Services to reflect the reduced value of the Services actually received and are stated exclusive of VAT.

9.5 Where the Supplier is liable for Service Credits, these shall be processed in accordance with the invoicing procedures set out at Part C to this Schedule 7.1C

9.6 Any relief agreed in writing between the Parties that is applicable for the relevant Service Delivery Year (or any part thereof) shall be applied to such Service Credits in proportion to that part of the Service Delivery Year to which it was applied.

9.7 Service Credits will be applied in respect of Monthly Service Levels but shall not exceed the Monthly Service Credit Cap.

9.8 – 9.17 Not Used

10. NOT USED

11. CHANGES TO PRICING

11.1 Without prejudice to Schedule 8.2 (Change Control Procedure), the provisions of this Paragraph 11 shall apply to the pricing of any Contract Change (or proposed Contract Change) and the calculation of any change to the Charges consequent upon a Contract Change (or any such change to the Charges that may result if a proposed Contract Change is agreed).

11.2 The Parties acknowledge that a Contract Change may have an impact on the Charges in one or both of the following ways:

11.2.1 the Contract Change may generate a one-off cost or one-off saving, in which case Paragraph 11.4 shall apply; and/or

11.2.2 the Contract Change may generate a change to the operational process used in the provision of the Services, in which case Paragraph 11.5 shall apply.

11.3 If either (or both) of the cases referred to in Paragraphs 11.2.1 and 11.2.2 above is likely to arise, the Supplier shall use the Authority's finance templates consisting of the Pricing Structure and the Payment Model Template and submit these with the Contract Change form to demonstrate and justify any claim for additional or reduced Charges and/or proposed revisions to the Target Costs arising as a result of the proposed Contract Change. Such submission shall be at the Supplier's own cost and shall:

- 11.3.1 be based on and reflect the principles of the Payment Model Template;
- 11.3.2 include estimated volumes of each type of resource to be employed and the applicable rate card;
- 11.3.3 include full disclosure of any assumptions underlying such quotation; and
- 11.3.4 include evidence of the cost of any assets required for the Contract Change in accordance with the CBS.

11.4 Where Paragraph 11.2.1 applies:

- 11.4.1 the Supplier shall be paid in full (or, as the case may be, the Authority shall be reimbursed) upon completion of the Change or by an agreed schedule of Milestone Payments (both payment options subject to meeting specified acceptance criteria agreed at the outset); and
- 11.4.2 the Supplier shall raise a separate invoice or credit note (or, as the case may be, the Authority shall issue a separate purchase order) in respect of the one-off cost or saving.

11.5 Where Paragraph 11.2.2 applies:

- 11.5.1 any changes to the Charges shall be effected by amending, with effect from the end of the Period, the Target Costs and the Payment Model as at the Effective Date and the amended version shall be saved with the identifying words, "Payment Model as at [*Date to be added*]";
- 11.5.2 such adjustment to Target Costs shall not be made more than once a quarter. The effective date of any such adjustment to Target Costs ("Price Adjustment Effective Date") shall be at the start of the quarter (1 June, 1 September, 1 December, 1 March) immediately following the end of the Period. For example, if the Contract Change in question is implemented during the Period and the Period ends on 28 February 2021, the relevant Target Costs shall be adjusted with effect from 1 March in that Contract Year. If there are several adjustments during the Period, these will be aggregated to make one adjustment at the start of the next quarter;
- 11.5.3 the Authority shall provide the Supplier a revised Annex 1 to the Schedule 7.1 to apply from the Price Adjustment Effective Date;
- 11.5.4 all such Changes shall be implemented timeously following the end of the Period, provided always that if a Change is implemented and there is a demonstrable financial loss to a Party due to the relevant Target Costs not being adjusted until the Price Adjustment Effective Date, then either Party shall be entitled to seek recovery of the amount due in the following manner:
 - (a) if the Supplier, it should submit a separate invoice and Supporting Documentation; or
 - (b) if the Authority, it should issue a credit note request and Supporting Documentation, and

any request to seek recovery of such an amount must be submitted within 3 Months of the Price Adjustment Effective Date.

12. NOT USED

13. ADDITIONAL SERVICES

Rate Card

13.1 NOT USED

Actual Cost plus Mark Up (Incremental Charging) (ACIM)

13.2 The ACIM mechanism for funding additional services provided by the Supplier shall be Suspended during the Period. Should the Supplier be required by the Authority to deliver Additional Services, paragraph 24(d) of Schedule 19 shall apply.

13.3 NOT USED

13.4 NOT USED

13.5 NOT USED

13.6 NOT USED

13.7 NOT USED

13.8 NOT USED

14. NOT USED

15. SUPPLIER PREMISES ACTUAL COST DURING THE PERIOD

15.1 During the Period, the Supplier shall be entitled to recover the Supplier Premises Charges incurred during the Period in relation to:

15.1.1 Permanent Premises in respect of which Premises Agreements were signed during Service Delivery Year 1, as set out in Appendix 2 Supplier Premises Service Delivery Year 1 of Schedule 15.1 (Estates);

15.1.2 Permanent Premises in respect of which Premises Agreements were signed during Service Delivery Years 2 or 3, as set out in Paragraph 9.9 of Schedule 15.1 (Estates); and

15.1.3 Permanent Premises in respect of which the Supplier has sought and the Authority has provided written business case approval in accordance with Paragraph 11 of Schedule 15.1 (Estates) (all such Permanent Premises (and any extensions or replacements thereto) being the "**In Scope Supplier Premises**").

15.2 The Supplier Premises Charges during the Period (and in respect of the items set out in Paragraph 15.3.1 (c) including those incurred after Service Delivery Year 7) shall be:

- a) the aggregate Actual Costs incurred in relation to the In Scope Supplier Premises during the relevant Service Delivery Year;

- b) Supplier Premises Fee; and
- c) properly incurred actual costs for decommissioning (including required repairs (dilapidations) and reinstating In Scope Supplier Premises during the Term (where In Scope Supplier Premises are vacated) and/or after the end of the Term provided that the Supplier has:
 - (i) Unless explicitly agreed by the Authority not to do so, (eg because of value for money considerations), employed an independent property surveyors to assess on behalf of the Supplier, through a physical examination of the property, i) the action required to meet Landlord decommissioning/dilapidations requirements as defined in the lease/licence to occupy eg to remove any tenant alterations, make good consequential damage, internal decoration etc ii) to identify where the Supplier has made improvements to the property during the period of occupation iii) a reasonable estimate of costs that would be incurred by the Supplier.
 - (ii) Negotiated, as appropriate, with the landlord to, as far as is reasonably practicable to, reduce costs and limit the financial liability of the Authority
 - iii) Provides documentary evidence showing that the Supplier complied with clause 15.3 (c) (i) and (ii)
- d) the properly incurred actual costs in relation to the Casual Hire Site Services on the basis that
 - (i) All actual third party, dedicated salary and employer, expenses and any central services time costs including appropriate overheads will be charged as part of the Supplier Premises Charges invoicing process;
 - (ii) If the individual allocated to the Casual Hire Site Services (and such other resource as the Supplier may have) is not sufficient internal resource for delivery of the Casual Hire Site Services, third parties may be used to supplement the Maximus UK internal teams;
 - (iii) The Supplier may incur such costs in advance of 1st April 2021 in preparation for, and may commence the recruitment process for any roles in delivery of the Casual Hire Site Service;
 - (iv) In the event the individual not be fully deployed on Casual Hire activity, the individual will be made available to support wider

corporate central teams (in MAXIMUS) for work other than the Services. Where the resource is utilised by alternative Maximus teams for such other work, internal company recharges will apply such that the Authority will not be charged for time spent by the individual in delivering wider corporate services and will only be charged for work related to the Services.

15.4 Subject to Paragraphs 15.2 and 15.3 the Supplier shall be entitled to invoice and the Authority shall pay the Supplier Premises Charges on a Monthly basis in arrears in accordance with Part C: Invoicing.

15.5 The Supplier shall report to the Authority on Supplier Premises Charges incurred during the Period on a Monthly basis as part of the Supplier Premises Outturn Report.

16. NOT USED

17. CLAIMANT EXPENSE SERVICES BEING PROVIDED BY THE SUPPLIER UNDER THIS AGREEMENT DURING THE PERIOD

17.1 Notwithstanding any other provision in this Schedule 7.1C, the Authority and the Supplier have agreed the provisions in this Paragraph 17 in relation to the claimant expense services being provided by the Supplier under this Agreement during the Period.

17.2 Any amounts associated with the payment of non-BACS claims only shall be included in calculations for the Target Cost and Target Fee which, during the Period, shall take place for the purposes of Cost MI only (such amounts being paid as Actual Costs during the Period) and shall be used to update the Target Cost and Target Fee with effect from the end of the Period.

17.3 NOT USED

17.4 NOT USED

17.5 NOT USED

17.6 NOT USED

17.6A The Authority will also pay for associated Pass-through Costs properly incurred for the Period (being the bank cheque/BACS charges associated with each expense claim payment and the associated letter and postage costs). In addition, the Authority will reimburse the Supplier as a Pass-through Cost for all

expense claims paid to Claimants (For the avoidance of doubt, for the Period, the Authority will pay for the costs of the Supplier solution to pay Claimant expenses (excluding Pass-Through Costs) as part of Actual Costs.).

- 17.7 NOT USED
- 17.8 NOT USED
- 17.9 NOT USED

PART B: NOT USED

- 1 NOT USED**
- 2 NOT USED**

PART C: INVOICING**1. SUPPLIER INVOICES**

- 1.1 The Supplier shall prepare and provide to the Authority, for approval of the format, a template invoice within ten (10) Working Days of the Effective Date which shall include, as a minimum, the details set out in Paragraph 1.2 of this Part C together with such other information as the Authority may reasonably require to assess whether the Charges that will be detailed therein are properly payable. If the template invoice is not approved by the Authority then the Supplier shall make such amendments as may be reasonably required by the Authority within ten (10) days of being notified of non-approval.
- 1.2 The Supplier shall ensure the invoice is in a form which is aligned with and which provides sufficient information to input into the Authority's electronic purchasing system (as further detailed at Paragraph 1.12 of this Part C) and contains as a minimum (and where permitted by the Authority's electronic purchasing system) the following:
 - 1.2.1 the date of the invoice
 - 1.2.2 a unique invoice number
 - 1.2.3 the Service Period or other period(s) to which the relevant Charge(s) relate;
 - 1.2.4 the correct reference for this Agreement;
 - 1.2.5 the reference number of the purchase order to which it relates including the amount and time period to which it relates;
 - 1.2.6 the dates between which the Service lines that the Charges apply to were performance;
 - 1.2.7 a description of the Services to which the invoice relates and that have been satisfactorily delivered in accordance with the Agreement;
 - 1.2.8 NOT USED;
 - 1.2.9 NOT USED;
 - 1.2.10 the total Charges gross and net of any applicable deductions and separately, any VAT or other sales tax payable in respect of each of the same along with the prevailing rate of such taxes;
 - 1.2.11 reference to any reports required by the Authority in respect of the Services to which the Charges detailed on the invoice relate (or in the case of reports issued by the Supplier for validation by the Authority, then to any such reports as are validated by the Authority in respect of the Services); and
 - 1.2.12 a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries.

All items at Paragraph 1.2.1 to 1.2.12 of this Part C shall be submitted with each draft invoice provided to the Authority pursuant to Paragraph 1.13 of Part C.

- 1.3 The Supplier shall report to the Authority its Actual Costs, incurred in delivering the Agreement on a Monthly basis as part of and shall be shown in the Supplier's GL tab in the Outturn Report, with each category of cost identifiable by the Supplier for reporting and invoicing purposes.
- 1.4 During the Period, the Supplier shall submit Monthly invoices for the following costs separately:
 - 1.4.1 Actual Costs (excluding Supplier Premises Charges (Estates) costs) and Management Fee + VAT;
 - 1.4.2 Pass-through Costs + VAT;
 - 1.4.3 Estates Costs + VAT, and Supplier Premises Fee + VAT ;
 - 1.4.4 Lead Auditor Seconded Costs, with no mark-up on the costs incurred;
 - 1.4.5 NHS Seconded costs + VAT;
 - 1.4.6 Authority Seconded costs + VAT.
- 1.5 The Authority also requires all costs incurred relating specifically to COVID19 only to be identifiable by the Supplier and reported to the Authority. The Supplier shall use reasonable endeavours to provide to the Authority along with the monthly invoices referred to in Paragraph 1.4.
- 1.6 In addition to the invoice requirements set out in Paragraphs 1.4.4, 1.4.5 and 1.4.6 the Authority requires the Supplier to provide associated data, showing the total number of staff to which that the invoice refers to, along with a breakdown of their costs.
- 1.7 The Authority shall make payments to the Supplier on a Monthly basis in arrears for Authority Related Services provided by the Supplier.
- 1.8 NOT USED.
- 1.9 The Authority shall (unless otherwise notified to the Supplier) issue separate purchase orders to the Supplier for each of the Charges and the Pass-through Costs using the Authority's electronic purchasing system. Such purchase orders shall be issued by the Authority within a reasonable time to enable the Supplier to submit an invoice which is covered by the purchase order.
- 1.10 NOT USED.
- 1.11 Upon receipt of a valid purchase order from the Authority (which shall be issued in accordance with Paragraph 1.4 of Part C), the Supplier shall be entitled to invoice the Authority within thirty (30) days of the end of each calendar Month and all invoices shall be clearly addressed to the Authority's relevant department and submitted through the Authority's electronic purchasing system and in accordance

with any instructions provided by the Authority to the Supplier in relation to the use of the Authority's electronic purchasing system at the link set out below (or as may be notified to the Supplier from time to time):



Schedule 7.1
(Basware) DWP Suppli

- 1.12 Prior to the submission of an invoice on the Authority's electronic purchasing system and within ten (10) Working Days of the end of each calendar Month, the Supplier shall provide to the Authority draft invoices in a form and manner notified to the Supplier by the Authority from time to time which complies with the invoicing requirements set out in this Schedule 7.1C (including the Supporting Documentation, and in respect of any costs associated with Permanent Premises confirmation that (i) the Finance Director (or authorised delegate) has given approval in accordance with Paragraph 9.12 of Schedule 15.1 (Estates)) and (ii) if required, business case approval has been obtained in accordance with Paragraph 11 of Schedule 15.1 (Estates)) to enable the Authority to undertake a provisional pre-payment check to validate the invoice ("**Pre-Payment Validation**").
- 1.13 The Supplier shall provide any further information reasonably requested by the Authority to enable the Authority to undertake Pre-Payment Validation of the draft invoice, such information to be provided at no additional cost to the Authority.
- 1.14 The Authority shall endeavour to undertake the Pre-Payment Validation within five (5) Working Days of receipt of the draft invoice from the Supplier and shall either Approve or reject the draft invoice. Where the draft invoice is Approved, the Authority shall notify the Supplier and the Supplier shall submit the Approved invoice via the Authority's electronic purchasing system.
- 1.15 Where a draft invoice is rejected by the Authority, the Authority shall notify the Supplier of the disputed items and amounts and the Supplier shall promptly re-submit the invoice but excluding the disputed items and amounts.
- 1.16 The Parties shall work together promptly and in good faith to resolve the disputed items and amounts and shall refer any unresolved items and amounts to the Dispute Resolution Procedure where necessary. The Supplier shall be entitled to submit a further invoice in relation to any items and amounts which were the subject of a dispute and which the Parties subsequently agree to be properly due to the Supplier.
- 1.17 If any invoice rendered by the Supplier is paid but any part of it is disputed or subject to question by the Authority and such part is subsequently agreed or determined not to have been properly payable then the Supplier shall promptly repay such part to the Authority.

- 1.18 The Authority shall regard an invoice as valid only if it complies with the provisions of this Schedule 7.1C. Where an invoice or draft invoice does not conform to the Authority's requirements set out in this Schedule 7.1C, the Authority shall return the disputed invoice to the Supplier within a reasonable time period and the Supplier shall promptly issue a replacement invoice which shall comply with such requirements. The Authority shall not be liable to pay an invoice that is not valid.
- 1.19 If any part of an invoice rendered by the Supplier is disputed or subject to question by the Authority either before or after payment then the Authority may call for the Supplier to provide such further Supporting Documentation and submit oral evidence as it may reasonably require to verify its liability to pay the amount which is disputed or subject to question and the Supplier shall promptly provide such evidence in a form satisfactory to the Authority.
- 1.20 NOT USED
- 1.21 Each invoice shall at all times be accompanied by sufficient Supporting Documentation or the Outturn Report (as appropriate), and in respect of any costs associated with Permanent Premises, confirmation that (i) the Finance Director (or authorised delegate) has given approval in accordance with Paragraph 9.12 of Schedule 15.1 (Estates) and (ii) if required, business case approval has been obtained in accordance with Paragraph 11 of Schedule 15.1 (Estates). Any notification to the Supplier by the Authority as to what constitutes Supporting Documentation shall not be exhaustive and the Supplier undertakes to provide to the Authority with any other documentation reasonably required by the Authority from time to time to substantiate an invoice.
- 1.22 The Supplier shall ensure that each invoice item and the Supporting Documentation is aligned with and consistent with the CBS.
- 1.23 The Authority shall undertake comprehensive post payment check and validation of the invoice after the invoice has been Approved for payment by the Authority ("**Post-Payment Validation**") to ensure that the invoice and invoice items and amounts have been properly and necessarily incurred by the Supplier in accordance with this Agreement and that the Supplier is properly entitled to the payment, as referred to at Paragraph 24(c) of Schedule 19. The Supplier shall at all times ensure that the Supporting Documentation and the Cost MI provide sufficiently detailed information (in accordance with the Transparency provisions set out in Schedule 7.5 (Transparency, Financial Reports and Audit Rights) to enable the Authority to accurately and comprehensively verify the invoice and payment.
- 1.24 Payment shall be made by the Authority to the Supplier, in the lawful currency of the United Kingdom, within thirty (30) days from receipt of the undisputed invoices. The

Supplier shall invoice the Authority for the Charges that are payable in accordance with the terms of the Agreement.

- 1.25 The Authority reserves the right to undertake Pre-Payment Validation and Post-Payment Validation of invoices/claims and subsequently to recover any sums which have been overpaid by the Authority to the Supplier.
- 1.26 Without prejudice to the provisions of Clause 10.6 and 10.7 (Set Off and Withholding), the Authority shall be entitled to deduct from sums due to the Supplier any amounts owed to it or which are in dispute or subject to question. If the Authority fails to pay the Supplier undisputed sums of money within thirty (30) days from the receipt of a validly issued invoice the Supplier shall:
 - 1.26.1 notify the Authority in writing of such failure to pay and provide details of the invoice concerned;
 - 1.26.2 allow the Authority to make prompt payment of such undisputed sums; and
 - 1.26.3 allow the Authority to provide details of the grounds for why the invoice is disputed.

2. OTHER AREAS OF INVOICE VALIDATION

- 2.1 Not used
- 2.2 Details of Completed Assessments (in a form to be agreed between the Parties in controlled correspondence) shall be provided by the Supplier from which a statistically valid sample will be drawn by the Authority to be checked. Evidence will be drawn from the Authority's own systems and the information provided to the Authority by the Supplier for the purposes of Cost MI only during the Period and , as stated in paragraph 2.3, this paragraph 2.2 shall not be used to add in any extra validation where extrapolation could be applied.
- 2.3 Where the Authority in its sole and absolute discretion uses a sample and extrapolation method of invoice and cost validation in respect of this Agreement, if the Authority identifies any error in the Charges levied to the Authority through a sample check of the evidence (such sample size to be reasonable and proportionate so as to represent a statistically significant sample size), then the Authority shall be entitled to extrapolate the value of the percentage error rate across the full cost of the invoice to represent the total value of the invoice in question. For the avoidance of doubt, the Authority will not add in any extra validation where extrapolation could be applied eg a member of staff being in the DWP count in error. The Supplier shall promptly provide the Authority with a credit note to the amount of the extrapolated error. If the Supplier considers that the extrapolation was inappropriate, then it may at its own cost engage an independent expert (holding reasonably appropriate

qualifications subject to the Authority's approval, not to be unreasonably withheld) to audit the totality of all invoices. If the independent expert determines that the actual error is less than the extrapolated error, then the Supplier shall provide the Authority with all appropriate supporting evidence and the Authority shall refund the difference.

3. ACCOUNTING PROCEDURES

- 3.1 A senior finance official duly authorised by the Supplier must certify that the amounts claimed are attributable wholly and exclusively to work relating to the Agreement and wholly represent net charges.
- 3.2 It will be the Supplier's responsibility to maintain records of costs and Supporting Documentation, agreed with the Authority, which will be available for inspection by the Authority.
- 3.3 The Supplier shall maintain up to date management and financial information relating to the Agreement.

4. NOT USED

OFFICIAL COMMERCIAL

NOT USED

NOT USED

1. NOT USED
2. NOT USED

OFFICIAL COMMERCIAL

NOT USED

Annex 1 Part 2 – Charges which are based on the TCIF Mechanism

TCIF MECHANISM NOT APPLICABLE DURING THE PERIOD – ANNEX 1 PART 2 OF THE BAU AGREEMENT SHALL APPLY FOR COST MI PURPOSES (FOR SCHEDULE 7.1C, PART A, PARAGRAPH 11) AND FOR THE PURPOSES OF REINSTATING TCIF MECHANISM AFTER THE PERIOD

Part 2A**Charges which are based on the Supplier Premises TCIF Mechanism (Service Delivery Year 1)**

Month		Supplier Premises Target Cost	Supplier Premises Fee (fixed)	Supplier Premises Target Cost and Fee
Month 1	Jul-15	[REDACTED]		
Month 2	Aug-15			
Month 3	Sep-15			
Month 4	Oct-15			
Month 5	Nov-15			
Month 6	Dec-15			
Month 7	Jan-16			
Month 8	Feb-16			
Total	Total*			

*Totals may not balance within month due to roundings

NOT USED

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Part 3

NOT USED

**ANNEX 2
NOT USED**

ANNEX 3

TCIF MECHANISM NOT APPLICABLE DURING THE PERIOD – ANNEX 3 PART 2 OF SCHEDULE 7.1 OF THE BAU AGREEMENT SHALL APPLY FOR DETERMINING THE ALLOWABLE COST CATEGORIES FOR THE PERIOD.

Summary of allowable Cost Categories

Cost category	Sub-type	Pricing proposal	Guidance	Allowable costs pursuant to Paragraph 7, schedule 7.1C	Allowable costs pursuant to Paragraph 15, schedule 7.1C
Staffing	HCP	Direct staff – tab 6	56	Yes	No
	Estates Team	Direct Staff		No	Yes
	Back-office / Support staff	Management staff costs – tab 4	52	Yes	No
	Management	Management staff costs – tab 4	52	Yes	No
	Other staff not included above	Other staff costs – tab 4	52	Yes	Yes – but only third party supplier or where clear additionality is demonstrated

Cost category	Sub-type	Pricing proposal	Guidance	Allowable costs pursuant to Paragraph 7, schedule 7.1C	Allowable costs pursuant to Paragraph 15, schedule 7.1C
	TUPE	Any one-off or initial costs – tab 9. (such as the cost of the TUPE activity in transition) Any ongoing costs – tab 4 (such as ongoing pension liabilities)	105 61	Yes	No
	Redundancy	Any costs associated with redundancy at contract go-live – include as Set-up on tab 9. Any costs associated with redundancy during the contract – include as part of target price on tab 4. (The Authority would only expect redundancy costs where there is an associated Innovation or Improvement)	106 42	Yes	No
Other	third party estate supplier	N/A	N/A	Yes – if third party suppliers provide PMO or temporary premises	Yes
Accommodation	Current DWP / ATOS estate	Excluded from Pricing Proposal	79	No – excluded	No - excluded
	Proposed estate rent / ongoing costs	Include as Pass-through Cost on tab 8.	88	Yes –for CHDA Programme Management Offices in London and Leeds; for Authority Premises at Argyle House (Schedule 15.1 Paragraph 1.3 (c) refers); and	Yes for those premises covered by 15.1 Paragraph 9.6 b and in line as far as possible with agreed business case

Cost category	Sub-type	Pricing proposal	Guidance	Allowable costs pursuant to Paragraph 7, schedule 7.1C	Allowable costs pursuant to Paragraph 15, schedule 7.1C
				premises which are not In Scope Supplier Premises where specifically agreed by the Authority (Schedule 7.1C Paragraph 7.5 refers) and in line as far as possible with agreed values in the business case(s). Where costs vary from any business case, the Authority will act reasonably to agree costs with the Supplier.	values. Where costs vary from any business case, the Authority will act reasonably to agree costs with the Supplier.
	Proposed estate fit out	Subject to Authority agreement – include as Set-up Core on tab 8.	90	Yes –for CHDA Programme Management Offices in London and Leeds; for Authority Premises at Argyle House (Schedule 15.1 Paragraph 1.3 (c) refers); and premises which are not In Scope Supplier Premises where specifically agreed by the Authority (Schedule 7.1C Paragraph 7.5 refers) and in line as far as possible with agreed values in the business case(s). Where costs vary from any business case, the Authority will act reasonably to agree costs with the Supplier.	Yes for those premises covered by 15.1 Paragraph 9.6 b in line as far as possible with agreed business case values. Where costs vary from any business case, the Authority will act reasonably to agree costs with the Supplier.

Cost category	Sub-type	Pricing proposal	Guidance	Allowable costs pursuant to Paragraph 7, schedule 7.1C	Allowable costs pursuant to Paragraph 15, schedule 7.1C
	Sub-contractor estate	Include rent / ongoing costs in Sub-contractor cost on tab 5. Any refurbishment will be subject to Authority agreement and indicative costs on tab 8.	68 91	Yes.	No
IT	Current solution	Excluded from Pricing Proposal	79	No	Yes – Supplier is responsible for Broadband/Internet connectivity into premises and IT fit out provision.
	Additional IT	If part of Core Solution – include as set-up or continuous improvement on tab 9. If not part of core solution / future proposal for Authority agreement – include as Innovation on tab 10	98 99	No	Yes – Supplier is responsible for Broadband/Internet connectivity into premises and IT fit out provision.

NB: column headed “Allowable costs pursuant to Paragraph 14, schedule 7.1” and references to “year 1 only costs” has been removed as “Historical” (as defined in Annex 6 to Schedule 19)

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Annex 4
NOT USED