SCHEDULE 15

CHARGES AND INVOICING

Schedule 15 (*Charges and Invoicing*)

1 DEFINITIONS

1.1 In this Schedule, the following definitions shall apply:

"Achieved Profit Margin" the cumulative Supplier Profit Margin calculated from (and including) the Effective Date (or, if applicable, the date of the last adjustment to the Charges made pursuant to Paragraph 2.2 of Part D) to (and including) the last day of the previous Contract Year;

"Anticipated Contract Life Profit Margin" the anticipated Supplier Profit Margin over the Term as reflected in the Financial Model;

"Costs" the following costs (without double recovery) to the extent that they are reasonably and properly incurred by the Supplier in providing the Services:

(a) the cost to the Supplier or the Key Sub-contractor (as the context requires), calculated per Work Day, of engaging the Supplier Personnel, including:

(i) base salary paid to the Supplier Personnel;

(ii) employer's national insurance contributions;

(iii) Employer Pension Contributions;

(iv) car allowances;

(v) any other contractual employment benefits;

(vi) staff training;

(vii) work place accommodation;

(viii) work place IT equipment and tools reasonably necessary to perform the Services (but not including items included within limb (b) below); and

(ix) reasonable recruitment costs, as agreed with the Authority;

(b) costs incurred in respect of those Assets which are detailed on the Registers and which would be treated as capital costs according to generally accepted accounting principles within the UK, which shall include the cost to be charged in respect of Assets by the Supplier to the Authority or (to the extent that risk and title in any Asset is not held by the Supplier) any cost actually incurred by the Supplier in respect of those Assets;

(c) operational costs which are not included within (a) or (b) above, to the extent that such costs are necessary and properly incurred by the Supplier in the delivery of the Services;

(d) Forecast Contingency Costs;

but excluding:

(i) Overhead;

(ii) financing or similar costs;

(iii) maintenance and support costs to the extent that these relate to maintenance and/or support services provided beyond the Term, whether in relation to Assets or otherwise;

(iv) taxation;

(v) fines and penalties;

(vi) amounts payable under Schedule 17 (*Benchmarking*); and

(vii) non-cash items (including depreciation, amortisation, impairments and movements in provisions);

“Daily Average”	the average number of Monitoring Devices being Monitored on each day during the relevant Service Period, calculated by totalling the number of Device-Wearers being Monitored each day during the Service Period, including Device-Wearers being Monitored for part of a day, and dividing that total by the number of days in that Service Period. For the avoidance of doubt, in circumstances where a Notification is received in respect of any Device-Wearer who is already being Monitored in accordance with another separate Notification the Supplier shall only count that Device-Wearer once per day for the purposes of the calculation of Daily Average, irrespective of the number of Notifications received;
“Delay Payment Rate”	has the meaning given in Paragraph 1.1(a) of Part C;
“Employer Pension Contributions”	such employer pension contributions, charges or costs incurred by the Supplier which have been expressly agreed by the Authority in writing to constitute 'Employer Pension Contributions';
“European Standard”	in relation to an electronic invoice means the European standard and any of the syntaxes published in Commission Implementing Decision (EU) 2017/1870;
“Forecast Contingency Costs”	the costs which the Supplier forecasts may be incurred in relation to the risks and contingencies that are identified in the Risk Register, such costs being those set out in the column headed ‘Forecast Contingency Costs’ in the Risk Register (as such costs are updated from time to time);
“Indexation” and “Index”	the adjustment of an amount or sum in accordance with Paragraph 5 of Part C;
“Management Fee”	the fee described in Paragraphs 3.13 and 3.14 of Annex 1;
“Maximum Permitted Profit Margin”	the Anticipated Contract Life Profit Margin plus [redacted];
“Milestone Retention”	has the meaning given in Paragraph 1.3 of Part B;

“Overhead”	those amounts which are intended to recover a proportion of the Supplier’s or the Key Sub-contractor’s (as the context requires) indirect corporate costs (including financing, marketing, advertising, research and development and insurance costs and any fines or penalties) but excluding allowable indirect costs apportioned to facilities and administration in the provision of Supplier Personnel and accordingly included within limb (a) of the definition of “Costs”;
“Repair Charge”	the fee payable for the repair of Monitoring Devices outside of Warranty, as more particularly described in Paragraphs 3.15 and 3.16 of Annex 1;
“Supplier Profit”	in relation to a period or a Milestone (as the context requires), the difference between the total Charges (in nominal cash flow terms but excluding any Deductions) and total Costs (in nominal cash flow terms) for the relevant period or in relation to the relevant Milestone;
“Supplier Profit Margin”	in relation to a period or a Milestone (as the context requires), the Supplier Profit for the relevant period or in relation to the relevant Milestone divided by the total Charges over the same period or in relation to the relevant Milestone and expressed as a percentage;
“Supporting Documentation”	sufficient information in writing to enable the Authority reasonably to assess whether the Charges and other sums due from the Authority detailed in the information are properly payable, including copies of any applicable Milestone Achievement Certificates or receipts and details of any profit/loss sharing calculations resulting from the application of any profit/loss sharing mechanism that has been agreed in accordance with Paragraph 4.3 of Part C;
“Verification Period”	in relation to an Allowable Assumption, the period from (and including) the Effective Date to (and including) the date at which the relevant Allowable Assumption expires, as set out against the relevant Allowable Assumption in column 11 in the table in Annex 5;

“Work Day”	7.5 Work Hours, whether or not such hours are worked consecutively and whether or not they are worked on the same day; and
“Work Hours”	the hours spent by the Supplier Personnel properly working on the Services including time spent travelling (other than to and from the Supplier's offices, or to and from the Sites) but excluding lunch breaks.

Part A: PRICING

1 APPLICABLE PRICING MECHANISM

1.1 Milestone Payments and Service Charges shall be calculated using the pricing mechanism specified in Annex 2 and on the basis of the rates and prices specified in Annex 1, as more particularly set out in this Schedule.

1.2 Table 1 of Annex 2 sets out the pricing mechanism which shall be used to calculate each Milestone Payment, under a **"Firm Price"** methodology, in accordance with the provisions of Paragraph 2.

1.3 Table 2 of Annex 2 sets out which pricing mechanism shall be used to calculate each Service Charge, which shall be one or more of the following:

(a) **"Fixed Price"** methodology, in which case the provisions of Paragraph 3 shall apply; or

(b) **"Volume Based"** methodology, in which case the provisions of Paragraph 4 shall apply.

1.4 Project Charges shall be calculated using a **"Time and Materials**" methodology in accordance with the provisions of Paragraph 5.

2 FIRM PRICE MILESTONE PAYMENTS

2.1 The Milestone Payment associated with each Milestone shall be the relevant amount set out against that Charge in Table 2 of Annex 1.

2.2 Charges calculated by reference to a Firm Price pricing mechanism shall not be subject to increase by way of Indexation.

3 FIXED PRICE SERVICE CHARGES

3.1 Where Table 1 or Table 2 of Annex 2 indicates that a Service Charge is to be calculated by reference to a Fixed Price pricing mechanism, the relevant Charge shall be the amount set out against that Charge in Table 1 of Annex 1.

3.2 Charges calculated by reference to a Fixed Price pricing mechanism may be subject to increase by way of Indexation, in accordance with the process set out in Paragraph 5 of Part C.

4 VOLUME BASED SERVICE CHARGES

4.1 Where Table 2 of Annex 2 indicates that a Service Charge is to be calculated by reference to a Volume Based pricing mechanism, the relevant Charges shall be calculated on the basis of the unit costs set out against that Service Charge in Table 3 of Annex 1.

4.2 In the event that the volume of any Services that are to be calculated by reference to a Volume Based pricing mechanism fall outside the relevant volume bands set

out against that Service Charge in Table 3 of Annex 1, the relevant Service Charges shall be calculated in accordance with the Change Control Procedure and Paragraph 4 of Part C.

4.3 The Charge per unit set out in Table 3 of Annex 1 may be subject to increase by way of Indexation, in accordance with the process set out in Paragraph 5 of Part C.

5 TIME AND MATERIALS SERVICE CHARGES OR PROJECT CHARGES

5.1 Time and Materials Charges do not apply to the Services as at the Effective Date. Time and Materials Charges may be applied to Services introduced in accordance with Schedule 22 (*Change Control Procedure*) and Projects introduced in accordance with Schedule 33 (*Projects*). Where the Parties agree that a payment is to be calculated by reference to a Time and Materials pricing mechanism:

(a) the day rates set out in Table 4 of Annex 1 shall be used to calculate the relevant Charges, provided that the Supplier (or its Sub-contractor) shall:

(i) not be entitled to include any uplift for risks or contingencies within its day rates; and

(ii) only be entitled to be paid Charges that have been properly and reasonably incurred, taking into account the Supplier's obligation to deliver the Services or Project in a proportionate and efficient manner; and

(b) the Supplier shall keep records of hours properly worked by Supplier Personnel (in the form of timesheets) and expenses incurred and submit a summary of the relevant records with each invoice. If the Authority requests copies of such records, the Supplier shall make them available to the Authority within ten (10) Working Days of the Authority's request.

5.2 The Supplier shall be entitled to request to Index the rates set out in Table 4 of Annex 1 in accordance with Paragraph 5 of Part C.

6 COSTS AND EXPENSES

6.1 The Supplier shall not be entitled to recover from the Authority, via the Charges or otherwise, any cost other than those costs fully within the definition of Costs and expressly recoverable under this Contract.

6.2 The Charges shall include all expenses relating to the Deliverables, the Services and/or the Supplier's performance of its obligations under this Contract and no further amounts shall be payable by the Authority to the Supplier in respect of such performance, including in respect of matters such as any expenses that the Supplier or any Supplier Personnel or Sub-contractor incurs, including travel, subsistence and lodging, document and report reproduction, shipping, desktop and office equipment costs required by the Supplier Personnel, including network or data interchange costs or other telecommunications charges.

6.3 The Supplier shall not be entitled to receive any reimbursement, via the Charges or otherwise, for any services provided or costs incurred by the Supplier prior to the Effective Date.

Part B: CHARGING MECHANISMS

1 MILESTONE PAYMENTS

Milestone Invoicing

1.1 Subject to the provisions of Paragraph 1.3 of Part C in relation to the deduction of Delay Payments, on the Achievement of a Milestone the Supplier shall be entitled to invoice the Authority for the Milestone Payment associated with that Milestone less the applicable Milestone Retention in accordance with this Part B.

1.2 Each invoice relating to a Milestone Payment shall be supported by a Milestone Achievement Certificate.

Milestone Retentions

1.3 The **"Milestone Retention"** for each Milestone shall be 10% of the Charges for that Milestone, and, in the case of a Key Milestone, prior to deduction from the Milestone Payment of any Delay Payment attributable to that Key Milestone and without taking account of any amount payable by the Supplier pursuant to Paragraph 1.3 of Part C.

1.4 On Achievement of a CPP Milestone relating to the Supplier Solution or one or more Services (as the case may be), the Supplier shall be entitled to invoice the Authority for an amount equal to all Milestone Retentions that relate to Milestones identified in the *"CPP Milestone Charge Number"* column of Table 1 of Annex 2 and corresponding CPP Milestone Charge Number identified in Table 5 of Annex 4 of Schedule 14 (*Testing* Procedures) as being payable in respect of that CPP Milestone and have not been paid before such CPP Milestone.

2 SERVICE CHARGES

2.1 Each Service to which a Service Charge relates shall commence on the Achievement of the Milestone set out against that Service in the "*Service Charge Trigger Event*" column of Table 2 of Annex 2.

2.2 Service Charges shall be invoiced by the Supplier for each Service Period in arrears in accordance with the requirements of Part E.

2.3 If a Service Charge is to be calculated by reference to a Fixed Price pricing mechanism and the relevant Service:

(a) commences on a day other than the first day of a month; and/or

(b) ends on a day other than the last day of a month,

the Service Charge for the relevant Service Period shall be pro-rated based on the proportion which the number of days in the month for which the Service is provided bears to the total number of days in that month.

2.4 Any Service Credits that accrue during a Service Period shall be deducted from the Service Charges payable for the next following Service Period. An invoice for a Service Charge shall not be payable by the Authority unless all adjustments (including Service Credits) relating to the Service Charges for the immediately preceding Service Period have been agreed.

Part C: ADJUSTMENTS TO THE CHARGES AND RISK REGISTER

1 DELAY PAYMENTS

1.1 If a Key Milestone has not been Achieved on or before the relevant Milestone Date, the Supplier shall pay a Delay Payment to the Authority in respect of that Key Milestone. Delay Payments shall accrue:

(a) at the daily rate (the **"Delay Payment Rate"**) determined in accordance with Paragraph 1.2;

(b) from (but excluding) the relevant Milestone Date to (and including) the earlier of:

(i) the date on which the Key Milestone is Achieved; and

(ii) the expiry of the Delay Deduction Period; and

(c) on a daily basis, with any part day's Delay counting as a day.

1.2 Where a Delay Payment is payable in respect of a Key Milestone, the Delay Payment Rate shall be:

(a) where the Supplier has given the Authority less than three (3) months' prior notice of the Delay, the amount set out in column 4 of Table 1 of Annex 2 for the Key Milestone;

(b) where the Supplier has given the Authority between three (3) months' and six (6) months' prior notice of the Delay, the amount set out in column 5 of Table 1 of Annex 2 for the Key Milestone; or

(c) where the Supplier has given the Authority more than six (6) months' prior notice of the Delay, the amount set out in column 6 of Table 1 of Annex 2 for the Key Milestone.

1.3 Where the Supplier serves a notice pursuant to Paragraph 1.2(b) or 1.2(c), the Supplier shall, within five (5) Working Days of the date the notice is served:

(a) pay to the Authority in cleared funds on account of the relevant Delay Payment (but subject always to Paragraph 1.4) an amount equal to:

(i) in the case of a notice served pursuant to Paragraph 1.2(b), five (5) days of Delay Payments; or

(ii) in the case of a notice served pursuant to Paragraph 1.2(c), ten (10) days of Delay Payments in accordance with Paragraph 1.4,

in each case calculated at the applicable Delay Payment Rate; and

(b) issue a credit note to the Authority in respect of the relevant amount.

Failure to make payment within ten (10) Working Days of the Supplier’s notice shall invalidate the notice.

1.4 Any amounts paid to the Authority pursuant to Paragraph 1.3 shall not be refundable to the Supplier in any circumstances, including where a Delay as referred to in the Supplier's notice:

(a) does not occur; or

(b) does occur but continues for fewer days during the relevant Delay Deduction Period than the number of days referred to in Paragraph 1.3(a) or 1.3(b) as the case may be.

1.5 The Parties agree that Delay Payments calculated in accordance with the applicable Delay Payment Rates are in each case a genuine pre-estimate of the Losses which the Authority will incur as a result of any failure by the Supplier to Achieve the relevant Key Milestone by the Milestone Date. Delay Payment Rates are stated exclusive of VAT.

1.6 The Delay Payment in respect of a Key Milestone (net of any payment made in respect of that Key Milestone pursuant to Paragraph 1.3) shall be shown as a deduction from the amount due from the Authority to the Supplier in the next invoice due to be issued by the Supplier after the date on which the relevant Key Milestone is Achieved or the expiry of the Delay Deduction Period (as the case may be). If the relevant Key Milestone is not Achieved by the expiry of the Delay Deduction Period and no invoice is due to be issued by the Supplier within ten (10) Working Days of expiry of the Delay Deduction Period, then the Supplier shall within ten (10) Working Days of expiry of the Delay Deduction Period:

(a) issue a credit note to the Authority in respect of the total amount of the Delay Payment in respect of the Key Milestone (net of any payment made in respect of the Key Milestone pursuant to Paragraph 1.3); and

(b) pay to the Authority as a debt a sum equal to the total amount of the Delay Payment in respect of the Key Milestone together with interest on such amount at the applicable rate under the Late Payment of Commercial Debts (Interest) Act 1998, accruing on a daily basis from (and including) the due date up to (but excluding) the date of actual payment, whether before or after judgment.

2 PAYMENTS FOR DELAYS DUE TO AUTHORITY CAUSE

2.1 If the Supplier is entitled in accordance with Clause 29.1(iii)(D) (*Authority Cause*) to compensation for failure to Achieve a Milestone by its Milestone Date, then, subject always to Clause 23 (*Limitations on Liability*), such compensation shall be determined in accordance with the following principles:

(a) the compensation shall reimburse the Supplier for additional Costs incurred by the Supplier that the Supplier:

(i) can demonstrate it has incurred solely and directly as a result of the Authority Cause; and

(ii) is, has been, or will be unable to mitigate, having complied with its obligations under Clause 29.1 (*Authority Cause*),

together with an amount equal to the Anticipated Contract Life Profit Margin thereon;

(b) the compensation shall not operate so as to put the Supplier in a better position than it would have been in but for the occurrence of the Authority Cause; and

(c) the compensation shall include such amount as is appropriate to maintain the Supplier Profit Margin set out in respect of the relevant Milestone in Table 1 or Table 2 of Annex 1.

2.2 The Supplier shall provide the Authority with any information the Authority may require in order to assess the validity of the Supplier's claim to compensation.

3 SERVICE CREDITS

3.1 Service Credits shall be calculated by reference to the number of Service Points accrued in any one Service Period pursuant to the provisions of Schedule 3 (*Performance Levels*).

3.2 For each Service Period:

(a) the Service Points accrued in respect of each Key Performance Indicator shall be converted to a monetary deduction from the Service Charges for the relevant Service Period on the basis of one point equating to a monetary amount to be deducted from the Service Charges, as determined in accordance with the following formula:

$$SPV = \frac{AC \times C \times W}{M}$$

where:

SPV is the value of each Service Point accrued in respect of a Key Performance Indicator for the relevant Service Period;

AC is the total Services Charges payable for the relevant Service Period (prior to deduction of applicable Service Credits);

C is 20%;

W is the weighting to be applied to that Key Performance Indicator as specified in the following table:

KPI Ref	KPI Weighting
KPI1	75%
KPI2	25%

M is the maximum number of Service Points available in respect of that Key Performance Indicator in a Service Period (not taking into account any increases for Repeat KPI Failure), as set out in Paragraph 1 of Part A of Annex 1 to Schedule 3 (*Performance Levels*). For the avoidance of doubt, as at the Effective Date, the applicable *M* value in respect of each Key Performance Indicator is 4;

(b) the total Service Credits applicable for the Service Period shall be calculated by multiplying the number of Service Points accrued in respect of each Key Performance Indicator in that Service Period by the corresponding Service Point value determined in accordance with Paragraph 3.2(a), and then aggregating each of those amounts to find the total Service Credits payable, in accordance with the following formula:

$$SC = (TSP1 \times x) + (TSP2 \times y)$$

where:

SC is the total Service Credits for the relevant Service Period;

TSP1 is the total Service Points that have accrued for the relevant Service Period in respect of KPI1;

TSP2 is the total Service Points that have accrued for the relevant Service Period in respect of KPI2;

X is the monetary amount calculated as the Service Point value for KPI1 using the formula set out at Paragraph 3.2(a) above;

y is the monetary amount calculated as the Service Point value for KPI2 using the formula set out at Paragraph 3.2(a) above;

3.3 The liability of the Supplier in respect of Service Credits shall be subject to Clause 23.5(c) (*Financial and other Limits*) provided that, for the avoidance of doubt, the operation of the Service Credit Cap shall not affect the continued accrual

of Service Points in excess of such financial limit in accordance with the provisions of Schedule 3 (*Performance*).

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

3.5 Service Credits shall be shown as a deduction from the amount due from the Authority to the Supplier in the invoice for the Service Period immediately succeeding the Service Period to which they relate.

4 CHANGES TO CHARGES

4.1 Any Changes to the Charges shall be developed and agreed by the Parties in accordance with Schedule 22 (*Change Control Procedure*) and on the basis that the Supplier Profit Margin on such Charges shall:

(a) be no greater than that applying to Charges using the same pricing mechanism as at the Effective Date (as set out in the Initial Financial Model); and

(b) in no event exceed the Maximum Permitted Profit Margin,

save where (and to the extent) otherwise agreed in writing between the Parties where a mechanism for profit/loss sharing has been agreed in accordance with Paragraph 4.3 below.

4.2 The Authority may request that any Impact Assessment presents Charges without Indexation for the purposes of comparison.

4.3 The Authority may request, or the Supplier may propose, that any Impact Assessment include a proposal for a profit (gain) and/or loss sharing mechanism to be included and agreed as part of the proposed Change, such proposal to include details of the following (as a minimum):

(a) the basis on which any profit and/or losses will be shared between the Parties;

(b) the frequency at which any profit/loss sharing will be calculated and distributed; and

(c) how the profit/losses will be tracked, documented and reconciled over the applicable period.

5 INDEXATION

5.1 Commencing in the second Contract Year (unless paragraph 5.4 applies), at the same time as it provides its Annual Contract Report under Paragraph 1.1 of Part B of Schedule 19 (*Financial Reports and Audit Rights*), the Supplier may request that

any amounts or sums in this Contract which are expressed to be “subject to Indexation” be adjusted in accordance with the lower of:

(a) the Supplier's actual increase to its Costs and Overhead (as evidenced and certified by a duly authorised representative of the Supplier); and

(b) the percentage increase or change in the Consumer Price Index published,

for the twelve (12) months immediately preceding the Supplier’s request.

5.2 Where the Supplier has demonstrated that it has incurred an uplift to its Costs and Overhead in line with Paragraph 5.1 above, the relevant adjustment shall be applied from the date that the relevant Annual Contract Report becomes the current approved version of the Financial Model in accordance with Paragraph 2 of Part B of Schedule 19 (*Financial Reports and Audit Rights*).

5.3 Except as set out in this Paragraph 5, neither the Charges nor any other costs, expenses, fees or charges shall be adjusted to take account of any inflation, change to exchange rate, change to interest rate or any other factor or element which might otherwise increase the cost to the Supplier or Sub-contractors of the performance of their obligations.

5.4 If the percentage change in the Consumer Price Index published for the twelve (12) months to April 2024 is above [redacted], then the Supplier may make an earlier request for an indexation adjustment under paragraph 5.1, and any resulting adjustment agreed by the Authority (acting reasonably) shall be applied with effect from the Achievement of Milestone 3 (Test and Assurance). Thereafter, any requests for indexation may only be made at the frequency and in accordance with the process set out in paragraphs 5.1 and 5.2 above.

6 ALLOWABLE ASSUMPTIONS

6.1 The Supplier shall verify whether each Allowable Assumption is accurate within its Verification Period.

6.2 During each Verification Period, the Authority shall provide the Supplier with reasonable assistance and access to information within its possession or reasonable control and which the Authority deems is relevant to the Allowable Assumption being verified.

6.3 Within ten (10) Working Days of the end of each Verification Period, the Supplier shall provide the Authority with a written report setting out the results of the Supplier’s verification activity for the relevant Allowable Assumption, including whether the Allowable Assumption is accurate or whether the Implementation Plan and/or the Initial Financial Model require adjustment.

6.4 Each Allowable Assumption shall be deemed accurate unless adjusting for the relevant Allowable Assumption has an impact:

(a) on the Financial Model greater than the associated trigger for invocation, as set out in column 9 of the table in Annex 5; or

(b) on the Implementation Plan which would require adjustment under the Change Control Procedure, as identified in column 3 of the table in Annex 5,

in which case Paragraph 6.5 shall apply.

6.5 Where the Parties (acting reasonably) agree that an Allowable Assumption is not accurate and the Financial Model and/or Implementation Plan require adjusting:

(a) the Supplier shall take all reasonable steps to mitigate the impact of the Allowable Assumption on the Financial Model and/or the Implementation Plan;

(b) either Party may (subject to Paragraph 6.5(c)) propose a Change to take account of the impact of the adjustment of the Allowable Assumption and such Change Request shall be considered in accordance with the Change Control Procedure; and

(c) where a Party proposes a Change to the Charges under Paragraph 6.5(b), the Change Request shall reflect the requirements of the table in Annex 5, including the requirement that any proposed adjustment to the Charges shall not exceed the maximum impact on the relevant Charges as specified in column 7 of the table in Annex 5.

7 RISK REGISTER

7.1 The Parties shall review the Risk Register set out in Annex 4 from time to time and as otherwise required for the purposes of Schedule 21 (*Governance*).

Part D: EXCESSIVE SUPPLIER PROFIT MARGIN

1 LIMIT ON SUPPLIER PROFIT MARGIN

1.1 The Supplier acknowledges that the Achieved Profit Margin applicable over the Term shall not exceed the Maximum Permitted Profit Margin, save where (and to the extent) otherwise agreed in writing between the Parties where a mechanism for profit/loss sharing has been agreed in accordance with Paragraph 4.3 of Part C.

1.2 The Supplier shall include in each Annual Contract Report the Achieved Profit Margin as at the end of the Contract Year to which the Annual Contract Report is made up and the provisions of Paragraph 2 of Part B of Schedule 19 (*Financial Reports and Audit Rights*) shall apply to the approval of the Annual Contract Report.

2 ADJUSTMENT TO THE CHARGES IN THE EVENT OF EXCESS SUPPLIER PROFIT

2.1 If an Annual Contract Report demonstrates (or it is otherwise determined pursuant to Paragraph 2 of Part B of Schedule 19 (*Financial Reports and Audit Rights*)) that the Achieved Profit Margin as at the end of the Contract Year to which the Annual Contract Report is made up exceeds the Maximum Permitted Profit Margin (excluding from this calculation any excess profit which has been attributed to the Supplier subject to a mechanism for profit/loss sharing as agreed in accordance with Paragraph 4.3 of Part C and where the parties have agreed in writing that such profit may exceed the Maximum Permitted Profit Margin):

(a) The Supplier shall, within five (5) Working Days of delivery to the Authority of the Annual Contract Report, propose such adjustments to the Charges as will ensure that the Achieved Profit Margin both over the Contract Year to which the next Annual Contract Report will relate and over the Term will not exceed the Maximum Permitted Profit Margin;

(b) the Authority (acting reasonably) may agree or reject the proposed adjustments;

(c) if the Authority rejects the proposed adjustments it shall give reasons and the Supplier shall propose revised adjustments within ten (10) Working Days of receiving those reasons; and

(d) if the Parties cannot agree such revised adjustments and the Authority terminates this Contract by issuing a Termination Notice to the Supplier pursuant to Clause 31.1(a) (*Termination by the Authority*), then for the purpose of calculating any Compensation Payment due to the Supplier, the Termination Notice shall be deemed to have been served as at the date of receipt by the Authority of the relevant Annual Contract Report.

2.2 Pending agreement of a proposed adjustment to the Charges pursuant to this Part D, the Charges then in force shall continue to apply. Once the adjustments to the Charges are agreed in accordance with Paragraph 2.1, the Parties shall document the adjustment in a Change Authorisation Note and the adjusted Charges shall apply with effect from the first day of the Service Period that immediately

follows the Service Period in which the Change Authorisation Note is executed or such other date as is specified in the Change Authorisation Note.

Part E: INVOICING AND PAYMENT TERMS

1 SUPPLIER INVOICES

1.1 The Authority shall accept for processing any electronic invoice that complies with the European Standard, provided that it is valid and undisputed.

1.2 If the Supplier proposes to submit for payment an invoice that does not comply with the European Standard the Supplier shall:

(a) comply with the requirements of the Authority's e-invoicing system;

(b) 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 1.3 together with such other information as the Authority may reasonably require to assess whether the Charges that will be detailed therein are properly payable; and

(c) make such amendments as may be reasonably required by the Authority if the template invoice outlined in (b) is not approved by the Authority.

1.3 The Supplier shall ensure that each invoice is submitted in the correct format for the Authority's e-invoicing system, or that it contains the following information:

(a) the date of the invoice;

(b) a unique invoice number;

(c) the Service Period or other period(s) to which the relevant Charge(s) relate;

(d) the correct reference for this Contract;

(e) the reference number of the purchase order to which it relates (if any);

(f) the dates between which the Services subject of each of the Charges detailed on the invoice were performed;

(g) a description of the Services;

(h) the pricing mechanism used to calculate the Charges;

(i) any payments due in respect of Achievement of a Milestone, including the Milestone Achievement Certificate number for each relevant Milestone;

(j) the total Charges gross and net of any applicable deductions or other permitted adjustments and, separately, any VAT or other sales tax payable in respect of each of the same;

(k) details of any Service Credits or Delay Payments or similar deductions (excluding from this calculation any excess profit which has been attributed to the Supplier subject to a mechanism for profit/loss sharing as agreed in accordance with Paragraph 4.3 of Part C and where the parties have agreed

in writing that such profit may exceed the Maximum Permitted Profit Margin) that shall apply to the Charges detailed on the invoice;

(l) 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);

(m) a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries;

(n) the banking details for payment to the Supplier via electronic transfer of funds (i.e. name and address of bank, sort code, account name and number); and

(o) where the Services have been structured into separate Service lines, the information at (a) to (n) of this Paragraph 1.3 shall be broken down in each invoice per Service line.

1.4 The Supplier shall invoice the Authority in respect of Services in accordance with the requirements of Part B. The Supplier shall first submit to the Authority a draft invoice setting out the Charges payable. The Parties shall endeavour to agree the draft invoice within five (5) Working Days of its receipt by the Authority, following which the Supplier shall be entitled to submit its invoice.

1.5 Each invoice shall at all times be accompanied by Supporting Documentation. Any assessment by the Authority as to what constitutes Supporting Documentation shall not be conclusive and the Supplier undertakes to provide to the Authority any other documentation reasonably required by the Authority from time to time to substantiate an invoice.

1.6 The Supplier shall submit all invoices and Supporting Documentation:

(a) by email to:

APinvoices-NMS-U@sscl.gov.uk, and to ccmd-mdss@justice.gov.uk by copy,

and if all of the information is matched then they shall be added to the Authority’s electronic system SOP (Single Operating Platform); or

(b) if that is not possible, by post to:

Shared Service Connected Ltd
PO Box 769
Newport
NP20 9BB

with a copy (again including any Supporting Documentation) to such other person and at such place as the Authority may notify to the Supplier from time to time.

1.7 All Supplier invoices shall be expressed in sterling or such other currency as shall be permitted by the Authority in writing.

1.8 The Authority shall regard an invoice as valid only if it complies with the provisions of this Part E. Where any invoice does not conform to the Authority's requirements set out in this Part E, the Authority shall promptly return the disputed invoice to the Supplier and the Supplier shall promptly issue a replacement invoice which shall comply with such requirements, and for the avoidance of doubt, the Supplier shall not upload an invoice to SOP (Single Operating Platform) unless and until the Authority has approved such invoice.

1.9 If the Authority fails to consider and verify an invoice in accordance with Paragraphs 1.4 and 1.8, the invoice shall be regarded as valid and undisputed for the purpose of Paragraph 2.1 after a reasonable time has passed.

2 PAYMENT TERMS

2.1 Subject to the relevant provisions of this Schedule, the Authority shall make payment to the Supplier within thirty (30) days of verifying that the invoice is valid and undisputed.

2.2 Unless the Parties agree otherwise in writing, all Supplier invoices shall be paid in sterling by electronic transfer of funds to the bank account that the Supplier has specified on its invoice.

ANNEX 1: PRICING MECHANISM

1 APPLICATION OF THE PRICING MECHANISM

1.1 The pricing mechanism applicable to the provision of the Implementation Services shall be as set out in Paragraph 2.

1.2 The pricing mechanism applicable to the provision of the Services (excluding the Implementation Services) shall be as set out in Paragraph 3.

2 THE IMPLEMENTATION CHARGES

2.1 The Charges payable by the Authority to the Supplier for the provision of the Implementation Services shall consist of Milestone Payments, as set out in Table 1 of Annex 2.

2.2 The Parties acknowledge and agree that there may be an Operational Services Commencement Date during the period during which Implementation Services are provided and in such case, Service Charges in respect of such Services shall be payable in accordance with Paragraph 3.

3 THE SERVICE CHARGES

Overview

3.1 The Service Charges payable by the Authority to the Supplier for the provision of the Services during any Service Period shall be calculated as follows (but in each case subject to the relevant "Service Charge Trigger Event" having been met for that Service Charge as set out in Table 2 of Annex 2):

SC = MPP + MDP + NAP + MF +RC

Where:

SC = Service Charges

MPP = Monitoring Platform Payment

MDP = Monitoring Devices Payment

NAP = Network Activity Payment

MF = Management Fee

RC = Repair Charge

For the avoidance of doubt, a Service Charge will cease to be payable in respect of a Service on the occurrence of the event set out against that Service in the "*Service Charge Expiration Trigger Event*" column of Table 2 of Annex 2.

3.2 The Service Charges are inclusive of all elements relating to Costs, Overheads, Supplier Profit (subject to the provisions of Part D of this Schedule), provision of the Application Development and Operation Capability, performance of the Collaboration Agreement, and operational and performance risk provision, as may be more specifically broken down and set out in the Financial Model.

The Monitoring Platform Payment (MPP)

3.3 The Monitoring Platform Payment (MPP) for a Service Period shall cover all of the Supplier's costs of providing the Device Monitoring Platform in accordance with the Contract during that Service Period (including licensing, support and maintenance, but, for the avoidance of doubt, excluding all costs in relation to the Implementation Services, which are included in the Milestone Payments).

3.4 The Monitoring Platform Payment shall be the Charge specified in Service Line 1 (Monitoring Platform Payment) in Table 1 in this Annex 1.

The Monitoring Devices Payment (MDP)

3.5 The Monitoring Devices Payment (MDP) shall cover all of the Supplier's costs (including manufacture, delivery and repairs under the Supplier's Warranty, but excluding repairs carried out by the Supplier outside of the Supplier's Warranty, which will be covered by the Repair Charge), whether incurred in the past, present or future, that relate to the provision and maintenance of the Monitoring Devices. The Monitoring Devices Payment for a Service Period shall cover the Monitoring Devices supplied under each order which is completed by the Supplier during that Service Period. An order will be considered complete when all Monitoring Devices under that order have been delivered by the Supplier to the designated warehouse of the FMS Supplier or Other Supplier (as the case may be).

3.6 The Monitoring Devices Payment shall be the aggregate of the Charges payable in consideration of the different types of Monitoring Devices specified in Service Line 2 (Monitoring Devices) in Table 3 in this Annex 1.

3.7 The Charge payable in consideration of each type of Monitoring Device shall be calculated by multiplying the number of chargeable units of that device in the relevant Service Period (**"Service Period Device Purchases"**) by the Relevant Charge Per Unit. The **"Relevant Charge Per Unit"** shall be the appropriate Charge per Unit (as set out in Table 3 in this Annex 1) as relevant to the aggregate number of relevant devices purchased (being the Service Period Device Purchases together with all previous purchases of that device type in previous Service Periods) as set out in the column titled "Number of units (cumulative)" in the Table 3 in this Annex 1.

The Network Activity Payment (NAP)

3.8 The Network Activity Payment for a Service Period shall cover all of the Supplier's costs (including maintenance and support of network services, voice usage and data usage) incurred in relation to the provision of Mobile Network services in respect to that Service Period.

3.9 The Network Activity Payment shall be the aggregate of the Charges payable in consideration of the different types of network activity specified in Service Line 3 (Network Activity) in Table 3 in this Annex 1, which can be represented as follows:

NAP = MNSP + UPV + UPD

Where:

NAP = Network Activity Payment

MNSP = Mobile Network Services Payment

UPV = Usage Payment for Voice

UPD = Usage Payment for Data

3.10 The Mobile Network Services Payment shall cover all of the Supplier's costs for the relevant Service Period of providing the Mobile Network services for the relevant Monitoring Devices (including for the provision of SIM cards, maintenance and support of network services and other on-going costs for the performance of the Mobile Network services (but, for the avoidance of doubt, excluding all costs in relation to the Implementation Services, which are included in the Milestone Payments)) in accordance with the Contract.

3.11 The Usage Payment for Voice shall be calculated as the number of minutes of voice calls generated by Monitoring Devices during the relevant Service Period multiplied by the applicable price per minute for such voice calls, as set out in Service Line 3 in Table 3 of Annex 1.

3.12 The Usage Payment for Data shall be calculated as the number of MBs of data transmitted by Monitoring Devices during the relevant Service Period multiplied by the applicable price per MB for such data, as set out in Service Line 3 in Table 3 of Annex 1.

The Management Fee

3.13 The Management Fee is made up of 2 parts:

(a) the costs of provision of the Application Development and Operation Capability; and

(b) an amount covering the Supplier's other agreed recoverable Overhead and Costs (excluding the costs provided for at (a) above),

as more particularly detailed in the Financial Model.

3.14 The Management Fee for any Service Period shall be the aggregate of the relevant amounts set out in Service Line 4 in Table 1 of Annex 1 applicable during that Service Period.

The Repair Charge

3.15 The Repair Charge for a Service Period shall cover all of the Supplier's costs (including collection and delivery) in relation to the repair of any Monitoring Devices outside of the Supplier's Warranty during that Service Period.

3.16 The Repair Charge shall be the aggregate of the Charges payable (if any) in consideration of the repair by the Supplier of the different Monitoring Devices specified in Service Line 5 (Repair Charge) in Table 3 of Annex 1.

4 TABLE 1: FIXED PRICES

Charge	Fixed Charge (£)
Service Line 1 - Monitoring Platform Payment (MPP)	
SL1SC1	REDACTED
Service Line 4 – Management Fee (MF)	
SL4SC1 – Service management costs	REDACTED
SL4SC2 - Application Development and Operation Capability costs	REDACTED
Monitoring Platform Payment (MPP)	
Tag & Device Monitoring Platform	Year 1 - REDACTED Year 2 - Year 3 - Year 4 - Year 5 - Year 6 - Year 7 - Year 8 -
Monitoring Equipment Management Tools	REDACTED
Resourcing	REDACTED
Mobile Network Services Payment	Year 1 - REDACTED Year 2 - Year 3 - Year 4 -

Charge	Fixed Charge (£)
	Year 5 - REDACTED Year 6 - Year 7 - Year 8 -
SL2M4 Network Costs	Year 1 - REDACTED Year 2 - Year 3 - Year 4 - Year 5 - Year 6 - Year 7 - Year 8 -
SL2MS3 Monitoring Costs for ITHC	REDACTED
SL2MS3 Monitoring Costs for Cyber Essential	REDACTED

5 TABLE 2: FIRM PRICES

Milestone	Milestone Payment (£)
Milestone 1 (Initiation)	REDACTED
Milestone 2 (Design and Configure)	
Milestone 3 (Test and Assurance)	
Milestone 4 (Transition to live / initial ramp up)	
Milestone 5 (Service Fully Operational)	
CPP Milestone	

6 TABLE 3: VOLUME CHARGES

Charge Number	Unit	Number of units (cumulative)	Charge per unit (£)
Service Line 2 - Monitoring Devices Payment (MDP)			
SL2VC1 – RF Device incl. all ancillary equipment necessary for use	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	REDACTED [redacted]
SL2VC1a – Curfew Frequency Straps	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	[redacted]
SL2VC1b – Officer Equipment Fitting Tool	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	[redacted]
SL2VC1c – Officer Equipment - Fob	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	[redacted]
SL2VC1d – Officer Equipment - Strap Removal Tool	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	[redacted]

Charge Number	Unit	Number of units (cumulative)	Charge per unit (£)
SL2VC2 – GPS Device incl. all ancillary equipment necessary for use	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	REDACTED
SL2VC2a – Location Straps	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	
SL2VC2b – Battery to Battery Charger	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	
SL2VC2c - Curfew Tethered Charger	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	
SL2VC2d – Officer Equipment - Fitting Tool	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	
SL2VC3 – AMS Device (transdermal) incl. all ancillary equipment necessary for use	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	

Charge Number	Unit	Number of units (cumulative)	Charge per unit (£)
SL2VC3a – AM Customer Care kits	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	REDACTED
SL2VC3b – AM Consumables	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	
SL2VC3c – AM Cleaning Supplies	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	
SL2VC4 – AMS Device (remote breathalyser) incl. all ancillary equipment necessary for use	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	1-10,000	
		10,001 - 20,000	
		20,001 -1,000,000	
SL2VC5 – Non-Fitted Device incl. all ancillary equipment necessary for use	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	
SL2VC5a – Chargers	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	

Charge Number	Unit	Number of units (cumulative)	Charge per unit (£)
SL2VC5b – Consumables	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	REDACTED [redacted]
SL2VC5c – Re-Calibration Kit	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	[redacted]
SL2VC6 – RMU Device incl. all ancillary equipment necessary for use	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	[redacted]
SL2VC6a – Non-Fitted Chargers	No. of relevant Monitoring Devices in each completed order delivered to the FMS Supplier/Other Supplier.	Any	[redacted]

Charge Number	Unit	Number of units per Service Period	Charge per unit (£)
Service Line 3 – Network Activity Payment			
SL3VC1 – Mobile Network Service Payment	No. of SIM cards in use in Monitoring Devices connected to the Supplier's	Any	REDACTED [redacted]

Charge Number	Unit	Number of units per Service Period	Charge per unit (£)
	Monitoring Platform		
SL3VC2 – Usage Payment for Voice	No. of minutes of voice calls by Monitoring Devices	Any	REDACTED [redacted]
SL3VC3 – Usage Payment for Data	No. of MB of data transmitted by Monitoring Devices	Any	
Service Line 5 – Repair Charge			
SL5VC1 – RF Device (incl. all ancillary equipment necessary for use)	No. of relevant Monitoring Devices repaired and delivered to the FMS Supplier/Other Supplier.	Any	REDACTED [redacted]
SL5VC2 – GPS Device (incl. all ancillary equipment necessary for use)	No. of relevant Monitoring Devices repaired and delivered to the FMS Supplier/Other Supplier.	Any	
SL5VC3 – AMS Device (transdermal) (incl. all ancillary equipment necessary for use)	No. of relevant Monitoring Devices repaired and delivered to the FMS Supplier/Other Supplier.	Any	

Charge Number	Unit	Number of units per Service Period	Charge per unit (£)
SL5VC4 – AMS Device (remote breathalyser) (incl. all ancillary equipment necessary for use)	No. of relevant Monitoring Devices repaired and delivered to the FMS Supplier/Other Supplier.	Any	REDACTED
SL5VC5 – Non-Fitted Device (incl. all ancillary equipment necessary for use)	No. of relevant Monitoring Devices repaired and delivered to the FMS Supplier/Other Supplier.	Any	
SL5VC6 – RMU Device (incl. all ancillary equipment necessary for use)	No. of relevant Monitoring Devices repaired and delivered to the FMS Supplier/Other Supplier.	Any	

7 TABLE 4: SUPPLIER PERSONNEL RATE CARD FOR CALCULATION OF TIME AND MATERIALS CHARGES

Role	Day Rate (£)
MDSS Implementation Manager	REDACTED
Project Manager	
Project Planner / Document Controller	
Quality Manager	

Role	Day Rate (£)
Infrastructure Architect	REDACTED
Test Manager	
Security Manager	
Infrastructure / Development Manager	
IT Development Engineer	
Cyber Security Engineer	
Test Engineer	
Service Desk Analyst	
Service Desk Manager	
MDSS Collaboration Lead / UK MoJ Account Director	
Sim Administrator	
Technical Author	
MDSS Operational Manager / Exit Manager	
Trainer	
Service Delivery Manager	
Service Architect	
Network Administrator	
Database Administrator	
System Administrator	

ANNEX 2: CHARGING MECHANISMS AND ADJUSTMENTS

1 TABLE 1: MILESTONE PAYMENTS AND DELAY PAYMENTS

Charge Number	Pricing Mechanism (FIX / FIRM / T&M)	Milestone Payment (£)	Delay Payments (if Key Milestone) (£ per day)		
			<3 months' notice	3-6 months' notice	>6 months' notice
Milestones					
Milestone 1 (Initiation)	FIRM	REDACTED			
Milestone 2 (Design and Configure)	FIRM				
Milestone 3 (Test and Assurance)	FIRM				
Milestone 4 (Transition to live / initial ramp up)	FIRM				
Milestone 5 (Service Fully Operational)	FIRM				
CPP Milestone	FIRM				

2 TABLE 2: SERVICE CHARGES

Charge Number	Pricing Mechanism (VOL / FIX / T&M)	Service Charge Trigger Event	Service Charge Expiration Trigger Event
MPP (Monitoring Platform Payment)	FIX	Later of: (i) Achievement of Milestone 3 (Test and Assurance); and (ii) 1 July 2024	Expiry of the Term
MDP (Monitoring Devices Payment)	VOL	Achievement of Milestone 3 (Test and Assurance)	Expiry of the Term
NAP (Network Activity Payment)	VOL	Later of: (i) Achievement of Milestone 3 (Test and Assurance); and (ii) 1 July 2024	Expiry of the Term
MF (Management Fee)	FIX	Later of: (i) Achievement of Milestone 3 (Test and Assurance); and (ii) 1 July 2024	Expiry of the Term
RC (Repair Charge)	VOL	Achievement of Milestone 3 (Test and Assurance)	Expiry of the Term

ANNEX 3: NOT USED

ANNEX 4: RISK REGISTER

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12
Risk Number	Risk Name	Description of risk	Timing	Likelihood	Impact (£)	Impact (description)	Mitigation (description)	Cost of mitigation	Post-mitigation impact (£)	Forecast Contingency Costs	Owner
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

ANNEX 5: Allowable Assumptions

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11
Ref	Description of proposed Allowable Assumption	Impact on the Implementation Plan if the Allowable Assumption is not accurate	Cost Impact (maximum, minimum and most likely values if the Allowable Assumption is not accurate)	Basis of Calculation of Cost Impact	Applicable Profit Margin	Charge Impact (maximum, minimum and most likely values if the Allowable Assumption is not accurate)	Verification Method (how the Supplier will verify the Allowable Assumption)	Trigger for Invocation (what will determine that the Implementation Plan and/or Financial Model may require adjustment for the Allowable Assumption)	Period of Impact (period that the updated assumption will have an impact)	Expiry Date (Date at which the Allowable Assumption expires)
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A