Alternative Clearance Incentive - Linear

VC4 Chargeable Clearances including SRTI

	January	February	March	April	May	June
Consultation	14,181	13,501	15,432	13,543	12,885	16,281
Paper-based	1,347	814	1,399	1,168	1,695	2,272
Total	15,528	14,314	16,830	14,712	14,580	18,553

Clearance incentive parameters

Based on chargeable clearances

From	January	February	March	April	May	
To	March	April	May	June	July	
Volumes vs VC4	102.50%	103.33%	104.16%	105.00%	105.00%	Lower thres
	107.50%	108.33%	109.16%	110.00%	110.00%	Upper thres

.

Measured on three-month rolling calculation

January to March volumes used to derive margin uplift for each of January, February and March

Linear progression of lower and upper thresholds to reach 105%-110% in April-June period

Clearance incentive	**Example A March**
Clearance period evaluated: Jan 21 - Mar 21	46,673
Clearance period evaluated: March 21 - May 21	
Target achievement for minimum bonus	102.50%
Target achievement for maximum bonus	107.50%
Minimum bonus percentage point uplift to margin	(REDACTED)
Pro rata to maximum bonus percentage point uplift to margin	(REDACTED)
Threshold chargeable clearances for minimum bonus	47,840
Threshold chargeable clearances for maximum bonus	50,173
Example chargeable clearances in period	50,000
Proportion of bonus achieved	0.9258
Uplift to margin - percentage points	(REDACTED)
Standard margin	(REDACTED)
Effective margin for month	(REDACTED)
Margin applied to costs for period	Jan 21 - Mar 21

Quality mitigation of above bonus

Rolling 3 month performance	% of incentive payable
Above 4.5%	0.00%
4.0 – 4.5%	50.00%
3.9% or below	100.00%

*Rounding will be in line with usual contractual mechanisms.

Rounding

For avoidance of doubt, the worked example in App 14 of the contract is as follows.

0.0464 – rounded down to 0.046
0.0465 – rounded up to 0.047
0.0466 – rounded up to 0.047.

July
13,585
1,696
15,281

hold
hold

Example B May
46,122
104.16%
109.16%
(REDACTED)
(REDACTED)
48,041
50,347
50,000
0.8495
(REDACTED)
(REDACTED)
(REDACTED)
May-21 only