Schedule 7.1 - Charges and Invoicing

1 **Definitions**

1.1 In this Schedule, the following definitions shall apply:

Account Management Charge	the total charge set out in the Account Management worksheet of the Financial Model as created and updated in accordance with Paragraphs 6 to 8 (inclusive) of Part A of this Schedule 7.1;
Account Management Personnel	the Supplier Personnel that provide the Account Management Services (whether Transferred Account Management Personnel or Non-Transferred Account Management Personnel);
Account Management Personnel Costs	the salary, wages, cost of providing contractual benefits, national insurance contributions and pension contributions paid to or in respect of the Account Management Personnel after the Operational Service Commencement Date as may be adjusted in accordance with Paragraph 7 of Part A of this Schedule 7,1;
Account Management Services	the account management services described in the Statement of Requirements and the Account Management Detailed Solution;
Achieved Contract Life Profit Margin	for each Charge, the cumulative Supplier Profit Margin for the relevant Charge received by the Supplier over the Term;
Achieved Profit Margin	for each Charge, the cumulative Supplier Profit Margin for the relevant Charge 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 of this Schedule) to (and including) the last day of the previous Contract Year;
Additional Implementation Charges	the Implementation Systems and Hardware Charges and the Implementation Other Charges;
Additional Security Officer Charges	the charges payable for Additional Security Officers calculated: (a) for Additional Security Officers who are Non-Transferred Security Officers by multiplying the applicable Non-Transferred Security Officer Hourly Charge by the number of actual hours incurred by Non-Transferred Security Officers attending their Posts in accordance with the requirements of the work order raised in respect of the relevant Security Officer Increase; (b) for Additional Security Officers who are Transferred Security Officers by multiplying the Transferred Security Officer Hourly Charge for the relevant Transferred Security Officer by the number of actual hours incurred by the relevant Transferred Security Officer attending their Post in accordance with the

	requirements of the work order raised in respect of the relevant Security Officer Increase;
Admission Agreement	has the meaning provided in Schedule 9.1 (Staff Transfer);
Anticipated Contract Life Profit Margin	in relation to each Charge, the Supplier Profit Margin over the Term as set out in the relevant worksheet of the Initial Financial Model, which, for the avoidance of doubt, shall exclude any element of profit that relates exclusively to Savings Payments;
Apprenticeship Levy Costs	the costs incurred by the Supplier in relation to the apprenticeship levy detailed in sections 98 to 121 of the Finance Act 2016 and which are calculated in accordance with Paragraph 10.1 of Part A of this Schedule 7.1 (Charging and Invoicing);
Authority Savings Liabilities	has the meaning given in Schedule 7.6 ((Savings Payments and Overspend Deductions);
Average Weekly Earnings Measurement	the ONS Code: K5DM average weekly earnings measurement published by the Office for National Statistics and any equivalent measurement that may replace it from time to time;
Bank Holiday	a bank/public holiday in England, Wales and/or Scotland, as applicable in respect of the location of a relevant Affected Property;
Bid Financial Model	the financial model populated by the Supplier as part of its Final Bid Submission prior to being awarded the Agreement;
Body Worn Cameras	the body worn cameras deployed as part of the Body Worn Cameras Services as further detailed in the AOS - Body Worn Cameras Detailed Solution;
Body Worn Cameras Device Unit Charges	the per unit charges for the purchase of Body Worn Cameras, as set out in the AOS - Body Worn Cameras worksheet of the Financial Model, as may be amended in accordance with Paragraph 3 of Part A of this Schedule 7.1;
Body Worn Cameras Services	the body worn camera services described in the Statement of Requirements and the Body Worn Cameras Detailed Solution;
Certificate of Costs	a certificate of costs signed by the Supplier's Chief Financial Officer or Director of Finance (or equivalent as agreed in writing by the Authority in advance of issue of the relevant certificate) and substantially in the format set out in Annex 2;
Charges Due Notice	has the meaning given to it in Paragraph 1.5 of Part B of this Schedule 7.1 (Charges and Invoicing);
Completed Fire Risk Assessments	Fire Risk Assessments that have been completed and submitted to the Authority (including initial Fire Risk Assessments and any reassessments);
Completed Security Threat and Risk	Security Threat and Risk Assessments and Security Plans for an Affected Property that have been delivered to and

Assessments and Security Plans	approved by the Authority in accordance with Schedule 6.3 (Security Threat and Risk Assessments and Security Plans) (including initial Security Threat and Risk Assessments and Security Plans and any reassessments);
Control and Monitoring Charges	the charges payable for the provision of Control and Monitoring Services calculated by multiplying the number of Affected Properties in the Relevant Month by the applicable charges set out in the Control and Monitoring worksheet of the Financial Model;
Control and Monitoring Services	the control and monitoring services described in the Statement of Requirements and the Control and Monitoring Detailed Solution;
Core Hours	means the hours of: (a) 0800 to 1800 Monday to Friday; and (b) 0900 to 1700 on Saturday, but excluding any Bank Holidays;
Costs	the actual expenditure incurred by the Supplier (demonstrated by Supporting Documentation) in respect of the costs set out in the following worksheets of the Financial Model: (a) Implementation worksheet; (b) Transferred Security Officers worksheet; (c) Account Management worksheet; (d) Transformation worksheet (e) Fire Risk Assessments worksheet (f) Control and Monitoring worksheet; (g) Key Management worksheet; (h) Private Mobile Radio worksheet; (i) Lone Worker Solution worksheet; (j) [REDACTED] Service worksheet; (k) Visitor Management worksheet; (l) Exit worksheet; (m) Staff Rate Card worksheet; (n) Existing Systems Maintenance worksheet; (o) Replacement Security Systems worksheet; (p) Replacement Security Systems Maintenance worksheet; (q) AOS – [REDACTED] worksheet (if applicable); and

(r) AOS – Body Worn Camera worksheet (if applicable),

but excluding:

(t) any amounts which are stated elsewhere in this Agreement to be irrecoverable by the Supplier;

(u) financing or similar costs;

(v) taxation;

(w) fines and penalties;

(x) voluntary payments made by the Supplier including payments to Supplier Personnel;

(y) amounts payable under Schedule 7.3 (Benchmarking); and

(z) any amounts of profit for the Supplier;

Existing IDS and FDS Alarm Signalling Charges	the charges payable for the provision of Existing IDS and FDS Alarm Signalling Services calculated by multiplying the number of Affected Properties in the Relevant Month by the applicable charges set out in the Control and Monitoring worksheet of the Financial Model;
Existing IDS and FDS Alarm Signalling Services	the existing intruder detection system and fire detection system services described in the Statement of Requirements and the Control and Monitoring Detailed Solution;
Existing Systems Maintenance Charges	the charges payable for Existing Systems Maintenance Services calculated on a Time and Materials basis using the rates set out in the Existing Systems Maintenance worksheet of the Financial Model including the actual costs for materials plus the identified margin;
Fair Deal Employees	has the meaning provided in Schedule 9.1 (Staff Transfers);
Final Bid Submission Account Management Personnel Costs	the salary, wages, cost of providing contractual benefits, national insurance contributions and pension contributions in respect of the Account Management Personnel set out in the Supplier's Final Bid Submission;
Final Tender Specified Costs Information	the relevant costs information specified by the Authority in its invitation to submit final tender in respect of the Agreement and which the Supplier was required to use to create its Final Bid Submission;
Final Reconciliation Report	the final reconciliation report to be submitted by the Supplier in accordance with Paragraph 1.1 of Part B of Schedule 7.5 (Financial Reports and Audit Rights);
Fire and Risk Assessment Training and System Development Services	the fire and risk assessment training and system development services as described in the Health and Safety Detailed Solution;
Fire Risk Assessment Charges	the charges payable for Completed Fire Risk Assessments calculated by multiplying the number of Completed Fire

	Risk Assessments in the Relevant Month by the applicable charges set out in the Fire Risk Assessments worksheet of the Financial Model;
Fire Safety Consultant	fire safety consultants provided by the Supplier as part of the Services (in accordance with the Statement of Requirements) as may be requested by the Authority from time to time by way of a work order;
Fire Safety Consultant Charges	the charges payable for Fire Safety Consultants, calculated by multiplying the applicable hourly charge for the Fire Safety Consultant (as set out in the Other Staff section of the Staff Rate Card worksheet of the Financial Model) by the number of actual hours worked by the relevant Fire Safety Consultant in accordance with the requirements of the relevant work order;
GMB Agreement	the final agreement between the Former Supplier and the GMB Union prior to the Operational Service Commencement Date that specifies the agreed percentage increase to be applied to the wages of Security Officers that are members of the GMB Union on 1 October 2018;
GMB Percentage Increase	the percentage increase to be applied to the wages of Security Officers that are members of the GMB Union agreed as part of the GMB Agreement, which, as at the Commencement Date, the Authority assumes to be [REDACTED]
Implementation Other Charges	the charges set out in the Implementation work sheet of the Financial Model that are payable during the Implementation Phase for the items specified in the Other section of the Implementation worksheet of the Financial Model;
Implementation Personnel Member	a member of the Supplier Personnel that is specified as an implementation resource in the Implementation worksheet of the Financial Model;
Implementation Resource Charge	the charge payable for Implementation Personnel Members during the provision of Implementation Services, as set out in the Implementation worksheet of the Financial Model;
Implementation Systems and Hardware Charges	the charges payable for systems and hardware during the Implementation Phase as set out in the Implementation worksheet of the Financial Model;
Incurred Termination Services Charges	the sum of the: (a) Incurred Termination Services Resource Charges; and (b) Other Termination Services Charges;
Incurred Termination Services Resource Charges	the charges payable for the provision by the Supplier of the relevant resources required to provide the Termination Services in accordance with this Agreement, calculated by multiplying the relevant “Charge per Day” (as set out in the Exit worksheet of the Financial Model) by the number of

	actual days that the relevant resources are deployed in providing the relevant Termination Services;
Indexation and Index	the adjustment of an amount or sum in accordance with Paragraph 5 of Part C of this Schedule;
Integrated Site Acceptance Testing	has the meaning given to it in the Statement of Requirements;
Interim Security Officer Charges	the charges payable for Security Officers during the provision of Services in accordance with an Interim Security Plan, calculated: (a) for Non-Transferred Security Officers by multiplying the applicable Non-Transferred Security Officer Hourly Charge by the number of actual hours incurred by Non-Transferred Security Officers attending their Posts in accordance with the requirements of the relevant Interim Security Plan; and (b) for Transferred Security Officers by multiplying the Transferred Security Officer Hourly Charge for the relevant Transferred Security Officer by the number of actual hours incurred by the relevant Transferred Security Officer attending their Post in accordance with the requirements of the relevant Interim Security Plan;
Interim Visitor Management Service	interim visitor management service inclusive of any materials and equipment installed in Affected Properties in accordance with the Statement of Requirements and the Visitor Management Detailed Solution;
Interim Visitor Management Service Charges	the charges payable for the Interim Visitor Management Service at each Affected Property depending on the size of the Affected Property, as specified in the Visitor Management worksheet of the Financial Model;
Key Holding Cabinet Charges	the applicable charges for a small, medium or large key holding cabinet (as applicable) set out in the Key Management worksheet of the Financial Model;
Key Holding Response	means any requirement for the Supplier to send a key holder member of Supplier Personnel to an Affected Property in accordance with the Statement of Requirements;
Key Holding Response Charges	the charges payable for Key Holding Response calculated by multiplying the Key Holding Response Hourly Charge by the number of hours taken to complete Key Holding Response in the relevant Month;
Key Holding Response Hourly Charge	the applicable hourly charge for Key Holding Responses, as set out in the Other Staff section of the Staff Rate Card worksheet of the Financial Model;
Key Management Charge	the charge payable in accordance with paragraph 2.1.16 of Part A of this Schedule 7.1;

LGPS Costs	any costs incurred by the Supplier in pursuant to the Supplier's participation in the LGPS Fund and as required by the terms of the LGPS Admission Agreement save for those expressly excluded in accordance with paragraph 3.7 of the Annex to Part B of Schedule 9.1;
Lone Worker Device	the devices deployed as part of the Lone Worker Services as further detailed in the Lone Worker Detailed Solution;
Lone Worker Device Unit Charges	the per unit charges for the purchase of Lone Worker Devices, as set out in the Lone Worker worksheet of the Financial Model;
Lone Worker Services	the lone worker services described in the Statement of Requirements and the Lone Worker Detailed Solution;
Maximum Exit Charges	the maximum charges to be paid by the Authority for Termination Services provided during the Termination Assistance Period as set out in the Exit worksheet of the Financial Model;
Maximum Permitted Profit Margin	the Anticipated Contract Life Profit Margin for the relevant Charge plus [REDACTED]
Mobile Patrol Services	means the mobile patrol services provided by the Supplier in accordance with the Statement of Requirements;
Mobile Patrol Services Charges	the charges payable for Mobile Patrol Services, calculated by multiplying the Mobile Patrol Hourly Charge by the number of hours taken to complete Mobile Patrol Services in the relevant Month;
Mobile Patrol Hourly Charge	the applicable hourly charge for Mobile Patrol Services, as set out in the Other Staff section of the Staff Rate Card worksheet of the Financial Model;
New Fair Deal Pension Costs	in respect of any Fair Deal Employees those sums set out at clauses 7.1.1 (annual administration charges covering core services), 7.15 (employer contributions), 7.1.7 (the ASLC) and 7.1.8 (flat charges applicable to the Partnership Pension Account) of the Admission Agreement;
Non-Transferred Account Management Personnel	Account Management Personnel that are not Transferred Account Management Personnel;
Non-Transferred Security Officers	Security Officers that are not Transferred Security Officers;
Non-Transferred Security Officer Hourly Charge	the applicable hourly charge rate for the relevant Non-Transferred Security Officer as set out in the Staff Rate Card worksheet of the Financial Model;
Non-Transferred Security Officer Hourly Wage Cost	the hourly wage cost for the relevant Non-Transferred Security Officers as set out in the Staff Rate Card worksheet of the Financial Model;
Notified Sum	the amount stated in the Authority's Charges Due Notice under Paragraph 1.5 of Part B of this Schedule or, in the

	absence of such notice, the amount stated in the Supplier's application for payment;
Other Body Worn Cameras Charges	the per unit charges payable for the items specified in the Other Body Worn Cameras Charges Section of the AOS – Body Worn Cameras worksheet of the Financial Model and as may be amended in accordance with Paragraph 3 of Part A of this Schedule 7.1;
Other Consultant	consultants (other than Fire Safety Consultants) provided by the Supplier as part of the Services (in accordance with the Statement of Requirements) as may be requested by the Authority from time to time by way of a work order;
Other Consultant Charges	the charges payable for Other Consultants, calculated by multiplying the applicable hourly charge for the relevant Other Consultant (as set out in the Other Rates section of the Staff Rate Card worksheet of the Financial Model) by the number of actual hours worked by the relevant Other Consultant in accordance with the requirements of the relevant work order;
Other Lone Worker Device Charges	the per unit charges payable for the items specified in the Other Lone Worker Charges section of the Lone Worker worksheet of the Financial Model;
Other Private Mobile Radio Charges	the per unit charges payable for the items specified in the Other Private Mobile Radio Costs section of the Private Mobile Radio worksheet of the Financial Model;
Other Termination Services Charges	the specified charges payable for the provision by the Supplier of the items set out in the “Other Termination Services” section of the Exit worksheet of the Financial Model;
Other Transformation Equipment Charges	the charges payable for the items specified in the Other Equipment line in the Other Transformation Charges section of the Transformation worksheet of the Financial Model ;
Other [REDACTED] Service Charges	the charges payable for other elements of the [REDACTED] Services in the relevant Contract Year, as specified in the Other [REDACTED] Services section of the [REDACTED] Service worksheet of the Financial Model;
Overhead Costs	indirect corporate costs incurred by the Supplier in delivering the Services ;
Out of Hours	means any hours during a day that are not Core Hours and that do not fall on a Bank Holiday;
Pricing Rationale	the pricing rationale specified by the Supplier in its Final Bid Submission;
Private Mobile Radio	the radios delivered as part of the Private Mobile Radio Services as described in the Private Mobile Radio Detailed Solution and further defined in the Statement of Requirements;

Private Mobile Radio Trials	trials undertaken by the Supplier in respect of Private Mobile Radios as part of the Private Mobile Radio Services;
Private Mobile Radio Trials Charges	the charges payable for Private Mobile Radio Trials, as set out in the Private Mobile Radio worksheet of the Financial Model;
Private Mobile Radio Unit Charges	the per unit charges for the purchase of Private Mobile Radios, as set out in the Private Mobile Radio worksheet of the Financial Model;
Private Mobile Radio Services	the private mobile radio services described in the Statement of Requirements;
Relevant Month	the Month during which Services were delivered for which payment is sought in an application by the Supplier;
Replacement Security System Installation Charges	charges payable in relation to completed Replacement Security Systems installations which shall be calculated as the sum of the Replacement System Installation Fixed Charges and the Replacement System Installation Variable Charges for the relevant Affected Property and which shall be capped for each installation in accordance with the agreed Charges for the installation as set out in the relevant Affected Property's Security Plan;
Replacement Security System Installation Variable Charges	the variable charges payable for completed Replacement Security Systems installations, calculated by applying the rates for the variable items specified in the Replacement Security Systems worksheet of the Financial Model to the number of items required as part of the installation as specified in the relevant Affected Property's Security Plan;
Replacement Security System Installation Fixed Charges	the fixed charges payable for completed Replacement Security Systems installations depending on the size of the Affected Property, as specified in the Replacement Security Systems worksheet of the Financial Model;
Replacement Security Systems Maintenance Charges	the charges set out in the Replacement Security Systems Maintenance worksheet of the Financial Model;
Replacement Visitor Management Equipment	replacement visitor management equipment installed in Affected Properties in accordance with the Statement of Requirements and the Visitor Management Detailed Solution;
Replacement Visitor Management Equipment Charges	the charges payable for the Replacement Visitor Management Equipment at each Affected Property depending on the size of the Affected Property, as specified in the Visitor Management worksheet of the Financial Model;
Repriced Additional Operational Service	has the meaning given in Paragraph 3.1.2 of Part A of this Schedule 7.1 (Charges and Invoicing);
Security Officer Charges	the charges payable for Security Officers during the provision of Services in accordance with a Security Plan, calculated:

(a) for Non-Transferred Security Officers by multiplying the applicable Non-Transferred Security Officer Hourly Charge by the number of actual hours incurred by Non-Transferred Security Officers attending their Posts in accordance with the requirements of the relevant Security Plan; and

(b) for Transferred Security Officers by multiplying the Transferred Security Officer Hourly Charge for the relevant Transferred Security Officer by the number of actual hours incurred by the relevant Transferred Security Officer attending their Post in accordance with the requirements of the relevant Security Plan;

Security Officers — the Supplier Personnel who work as security officers in relation to the provision of the Services;

Security Threat and Risk Assessment and Security Plan Charges — the charges payable for Completed Security Threat and Risk Assessments and Security Plans calculated by multiplying the number of Completed Security Threat and Risk Assessments and Security Plans in the Relevant Month by the applicable charges set out in the Transformation worksheet of the Financial Model;

Service Credit Unit — the Service Credit Unit used to calculate Service Credits due in respect of a Measurement Period and which is calculated by dividing the total number of Service Failure Points in that Measurement Period by 8;

Service Credit Value — the service credit value for the relevant Contract Year as set out in Paragraph 3.3 of Part C;

Short Notice Additional Security Officer Charges — the charges payable for Short Notice Additional Security Officers calculated:

(a) for Short Notice Additional Security Officers who are Non-Transferred Security Officers by multiplying the applicable Non-Transferred Security Officer Hourly Charge by the number of actual hours incurred by Non-Transferred Security Officers attending their Posts in accordance with the requirements of the work order raised in respect of the relevant Security Officer Increase; and

(b) for Short Notice Additional Security Officers who are Transferred Security Officers by multiplying the Transferred Security Officer Hourly Charge for the relevant Transferred Security Officer by the number of actual hours incurred by the relevant Transferred Security Officer attending their Post in accordance with the requirements of the work order raised in respect of the relevant Security Officer Increase;

Supplier Profit — for each Charge, in relation to a specified period, 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 specified period;

Supplier Profit Margin — for each Charge, in relation to a specified period, the Supplier Profit for the specified period divided by the total revenues received by the Supplier in relation to the

	relevant Charge over the specified 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/or other sums due from the Authority detailed in the information are properly payable, including copies of any applicable Milestone Achievement Certificates, copies of invoices, receipts, details of salary and other benefits in fact paid, payslips and contracts of employment and any other relevant documents setting out employment terms and/or any such other evidence to demonstrate cost incurred by the Supplier;
Time and Materials	where a Service Charge is specified to be payable on a Time and Materials basis the relevant Service Charge shall be calculated in accordance with the provisions set out in Paragraph 5 of Part A of this Schedule 7.1;
Transferred Account Management Personnel	any member of Account Management Personnel that was a Transferring Former Supplier Employee and who transferred to employment of the Supplier on the Operational Services Commencement Date;
Transferred Account Management Personnel Costs Notional Data	means the costs for the Transferred Account Management Personnel set out in the Final Tender Specified Costs Information;
Transferred Account Management Personnel Roles Notional Data	means the job titles of the Transferred Account Management Personnel set out in the Final Tender Specified Costs Information;
Transferred Former Supplier Employee	any member of Supplier Personnel that was a Transferring Former Supplier Employee and who transferred to employment of the Supplier on the Operational Services Commencement Date;
Transferred Former Supplier Employee Notional Data	Transferred Account Management Personnel Costs Notional Data and/or Transferred Security Officer Costs Notional Data as applicable;
Transferred Security Officer	any Security Officer that was a Transferring Former Supplier Employee and who transferred to employment of the Supplier on the Operational Services Commencement Date;
Transferred Security Officer Costs Notional Data	means the costs for the Transferred Security Officers set out in the Final Tender Specified Costs Information;
Transferred Security Officer Hourly Charge	the applicable hourly charge rate for the relevant Transferred Security Officer set out in Transferred Security Officer worksheet of the Financial Model (as created and updated in accordance with Paragraphs 6 to 8 (inclusive) of Part A of this Schedule 7.1), which shall be made up of: (a) the "Transferred Security Officer Hourly Wage Costs" for the relevant Transferred Security Officer;

(b) the “Transferred Security Officer Additional Contractual Entitlement Hourly Costs” for the relevant Transferred Security Officer;

(c) the “Transferred Security Officer Applied Costs” for the relevant Transferred Security Officer; and

(d) a profit element, calculated in accordance with the “Transferred Security Officer Hourly Charges Supplier Profit Margin”,

all as set out in the Transferred Security Officer worksheet of the Financial Model (as created and updated in accordance with Paragraphs 6 to 8 (inclusive) of Part A of this Schedule 7.1); ;

Transferring Former Supplier Employee Information — the detailed information in respect of the contractual rights of the Transferring Former Supplier Employees provided by the Former Supplier in accordance with regulation 11 of the Employment Regulations;

Transformation Fire and Risk Assessment Training and System Development Charges — the charges payable for Fire and Risk Assessment Training and System Development Services, as set out in the Other Transformation Charges section of the Transformation worksheet of the Financial Model;

Transformation Resource – Threat and Risk Assessments and Security Plans Charges — the Transformation Resource - Threat and Risk Assessments & Security Plans charges for the relevant Contract Year as set out in the Transformation worksheet of the Financial Model;

Transformation Resource – Trialling and Replacement Security Systems Charges — the charges payable for the Supplier Personnel used by the Supplier to deliver the relevant Transformation Services in accordance with the Trialling Solution or the Replacement Security Systems Detailed Solution (as applicable), based on the relevant charges as set out in the Transformation Resource – Trialling and Replacement Security Systems section of the Transformation worksheet of the Financial Model;

Transformation Trials Charges — the charges payable for Transformation Trials, as set out in the Other Transformation Charges section of the Transformation worksheet of the Financial Model;

Unlock/Lock Service Charge — the charge per Affected Property as set out in the Key Management work sheet of the Financial Model;

Variable Staff Costs — in respect of each Transferred Former Supplier Employee, the:

(a) wage/salary;

(b) cost of providing contractual benefits; and

(c) employer’s pension contributions (excluding the any New Fair Deal Pension Costs and LGPS Costs),

of the relevant Transferred Former Supplier Employee;

Visitor Management Licence Charge — the annual charge payable for the visitor management licence provided by the Supplier as part of the Services, as set out in the Visitor Management worksheet of the Financial Model;

Visitor Management Support and Maintenance Charge	the annual charge payable for the Visitor Management Support and Maintenance Services, as set out in the Visitor Management worksheet of the Financial Model; and
Visitor Management Support and Maintenance Services	the visitor management support and maintenance services described in the Statement of Requirements and the Visitor Management Detailed Solution.

Part A –Charges

1 **Implementation Charge**

1.1 Subject to Paragraph 1 of Part C (Delay Payments) of this Schedule 7.1, in consideration for the provision of the Implementation Services, the Supplier will be paid the Implementation Charge. The Implementation Charge is payable on a Monthly basis in accordance with Paragraph 1 of Part B of this Schedule 7.1 in respect of any Month in which Implementation Services are delivered. The Implementation Charge is made up of the following elements (where such elements have been delivered in the Relevant Month):

1.1.1 Implementation Resource Charge, which is a fixed Monthly charge payable in equal Monthly instalments during the Implementation Phase; and

1.1.2 Additional Implementation Charges, which shall be payable in accordance with the payment schedule set out in the Implementation Plan.

2 **Service Charge**

2.1 In consideration for the provision of the Operational Services the Supplier will be paid the Service Charge. The Service Charge is payable on a Monthly basis in accordance with Paragraph 1 of Part B of this Schedule 7.1 in respect of any Month in which Operational Services are delivered. The Service Charge is made up of the following elements (where such elements have been delivered in the Relevant Month):

Systems

2.1.1 Existing Systems Maintenance Charges, which shall be payable in respect of Existing Systems Maintenance Services performed and completed by the Supplier in the Relevant Month subject to Paragraph 2.1.3 of this Part A. For the avoidance of doubt, the Authority shall not be liable to pay for any travel time incurred by the Supplier when providing Existing Systems Maintenance Services;

2.1.2 Replacement Security System Installation Charges, which shall be payable as Milestone Payments as part of the Service Charge in respect of Replacement Security Systems installed in the Relevant Month in accordance with the Non-Implementation Milestones set out in Part A of Annex 1A of this Schedule 7.1;

2.1.3 Replacement Security Systems Maintenance Charges, which shall be a fixed Monthly charge payable for the maintenance of the Replacement Security Systems that have been installed, with each Monthly charge being 1/12th of the annual charge set out in the Financial Model for the relevant Contract Year. If it is agreed in a Security Plan for an Affected Property that some or all of the Existing Systems will remain in place in addition to the installation of Replacement Security Systems, the parties shall agree in the Security Plan whether the Existing Systems Maintenance Charges or the Replacement Security Systems Maintenance Charges shall apply and in no event shall both charges be payable at the same time in relation to the same Affected Property;

Security Officers

2.1.4 Interim Security Officer Charges, which shall be payable in respect of the number of hours each Security Officer has worked in the Relevant Month under an Interim Security Plan, provided that for each Security Officer the total number of hours for which Interim Security Officer Charges may be raised shall not exceed the total number of hours set out in the relevant Interim Security Plan and must be in accordance with the start and end time of posts as identified in the relevant Interim Security Plan;

2.1.5 Security Officer Charges, which shall be payable in respect of the number of hours each Security Officer has worked in the Relevant Month, provided that for each Security Officer the total number of hours for which Security Officer Charges may be raised shall not exceed the total number of hours set out in the relevant Security Plan and must be in accordance with the start and end time of posts as identified in the relevant Security Plan;

2.1.6 Additional Security Officer Charges, which shall be payable in respect of the number of hours each Additional Security Officer has worked in the Relevant Month, provided that for each Additional Security Officer:

(a) the Authority shall be liable to pay for a minimum of 4 hours in respect of each Additional Security Officer irrespective of whether the work order for a Security Officer Increase requires the Additional Security Officer for less than 4 hours; and

(b) the total number of hours for which Additional Security Officer Charges may be raised shall not exceed the total number of hours set out in the work order for the relevant Security Officer Increase and must be in accordance with the start and end time of posts as identified in the work order for the relevant Security Officer Increase;

2.1.7 Short Notice Additional Security Officer Charges, which shall be payable in respect of the number of hours each Short Notice Additional Security Officer has worked in the Relevant Month, provided that for each Short Notice Additional Security Officer:

(a) the Authority shall be liable to pay for a minimum of 4 hours in respect of each Short Notice Additional Security Officer irrespective of whether the work order for a Security Officer Increase requires the Short Notice Additional Security Officer for less than 4 hours; and

(b) the total number of hours for which Short Notice Additional Security Officer Charges may be raised shall not exceed the total number of hours set out in the work order for the relevant Security Officer Increase and must be in accordance with the start and end time of posts as identified in the work order for the relevant Security Officer Increase;

Transformation

2.1.8 Security Threat and Risk Assessment and Security Plan Charges;

2.1.9 Transformation Trials Charges, which shall be payable in respect of Transformation Trials that have achieved Trial Success in the Relevant Month in accordance with Schedule 6.4 (Operational Readiness Testing and Transformation Trials);

2.1.10 Transformation Resource – Threat and Risk Assessment s and Security Plans Charges, which is a fixed Monthly charge payable in Contract Years 2 and 3, with each Monthly charge being 1/12th of the annual charge set out in the Financial Model for the relevant Contract Year;

2.1.11 Transformation Resource – Trialling and Replacement Security Systems Charges, which shall be payable in accordance with the relevant payment schedule set out in the Trialling Solution or the Replacement Security Systems Detailed Solution (as applicable);

2.1.12 Transformation Fire and Risk Assessment Training and System Development Charges, which shall be payable in accordance with the relevant payment schedule set out in the Health and Safety Detailed Solution;

2.1.13 Other Transformation Equipment Charges, which shall be payable in accordance with the relevant payment schedule set out in the Implementation Plan Detailed Solution;

Fire Risk Assessments

2.1.14 Fire Risk Assessment Charges;

Account Management

2.1.15 Account Management Charge, which is a fixed Monthly charge with each Monthly charge being 1/12th of the annual charge set out in the Financial Model and which is payable from the Operational Service Commencement Date until the end of the Term;

Key Management

2.1.16 Key Management Charge, which is a Monthly charge made up of the Unlock/Lock Service Charges and the Key Holding Cabinet Charges, calculated as follows:

(a) the Unlock/Lock Charges are payable in respect of each Affected Property for which Unlock/Lock Services are delivered in the Relevant Month, with the relevant Monthly charge for each Affected Property being 1/12th of the annual charge for the relevant Affected Property as adjusted from time to time to take account of increases or decreases to the number of Affected Properties in respect of which the Unlock/Lock Services are delivered; and

(b) the Key Holding Cabinet Charges are payable on a per unit basis (dependant on the size of the key holding cabinet required by the Authority) in respect of each key holding cabinet delivered in the Relevant Month in accordance with the Authority's instructions;

2.1.17 Key Holding Response Charges, which shall be payable in respect of Key Holding Responses completed in the Relevant Month;

Mobile Patrol

2.1.18 Mobile Patrol Services Charges, which shall be payable in respect of Mobile Patrol Services completed in the relevant Month. The hours taken to complete the Mobile Patrol Services may include any travel time incurred by the relevant Supplier Personnel directly and solely in relation to attending the relevant Affected Property to provide the relevant Mobile Patrol Services. The Parties shall agree in each Security Plan the amount of travel time that may be included in the time taken to complete the Mobile Patrol Services for the relevant Affected Property;

Lone Worker Solution

2.1.19 Lone Worker Device Unit Charges, which shall be payable on a per unit basis in respect of Lone Worker Devices delivered in the relevant Month in accordance with the Authority's instructions;

2.1.20 Other Lone Worker Device Charges, which shall be payable in respect of each Lone Worker Device deployed in the Relevant Month with the Monthly charge per Lone Worker Device being 1/12th of the annual Other Lone Worker Device Charges;

Private Mobile Radio

2.1.21 Private Mobile Radio Unit Charges, which shall be payable on a per unit basis in respect of the number of units delivered in the relevant Month in accordance with the Authority's instructions;

2.1.22 Other Private Mobile Radio Charges, which shall be payable in respect of each Private Mobile Radio deployed in the Relevant Month with the Monthly charge per Private Mobile Radio being 1/12th of the annual Other Private Mobile Radio Charges;

2.1.23 Private Mobile Radio Trials Charges, which shall be payable on successful completion of the Private Mobile Radio Trials in accordance with the Private Mobile Radio Detailed Solution;

Control and Monitoring

2.1.24 Control and Monitoring Charges, which shall be payable for each Affected Property following completion of a Replacement Security Systems installation at the applicable rate set out in the Control and Monitoring worksheet of the Financial Model;

2.1.25 Existing IDS and FDS Alarm Signalling Charges, which shall be payable for an Affected Property at which the Supplier is providing the Existing IDS and FDS Alarm Signalling Services from the Operational Service Commencement Date until such time as the Replacement Security Systems installation is complete. The applicable rate is set out in the Control and Monitoring worksheet of the Financial Model;

2.1.26 [REDACTED]

2.1.27 [REDACTED]

2.1.28 [REDACTED]

Visitor Management

2.1.29 Interim Visitor Management Service Charges, which shall be a Monthly charge payable for each Affected Property in which Interim Visitor Management Services have been provided, with each Monthly charge being 1/12th of the annual charge set out in the Financial Model for the relevant Contract Year;

2.1.30 Replacement Visitor Management Equipment Charges, which shall be a Monthly charge payable for each Affected Property in which Replacement Visitor Management Equipment has been installed, with each Monthly charge being 1/12th of the annual charge set out in the Financial Model for the relevant Contract Year;

2.1.31 Visitor Management Licence Charge, which is a fixed Monthly charge with each Monthly charge being 1/12th of the annual charge set out in the Financial Model for the relevant Contract Year;

2.1.32 Visitor Management Support and Maintenance Charge, which is a Monthly charge payable for each Affected Property in which the Replacement Visitor Management Equipment has been installed, with each Monthly charge being 1/12th of the annual charge set out in the Financial Model for the relevant Contract Year;

Body Worn Cameras

2.1.33 Body Worn Cameras Device Unit Charges, which shall be payable on a per unit basis in respect of Body Worn Camera Services delivered in the relevant Month in accordance with the Authority's instructions;

2.1.34 Other Body Worn Cameras Charges, shall be payable in respect of each Body Worn Camera deployed in the Relevant Month in accordance with the Authority's instructions with the Monthly charge per Body Worn Camera being 1/12th of the annual Other Body Worn Cameras Charge;

Savings

2.1.35 any Authority Savings Liabilities arising in the relevant Month; and

New Fair Deal Pension and LGPS

2.1.36 New Fair Deal Pension Costs or LGPS Costs, which shall be payable in respect of any New Fair Deal Pension Costs or LGPS Costs incurred by the Supplier in the Relevant Month.

Other Consultant Charges

2.1.37 Other Consultant Charges, which shall be payable in respect of the number of hours each Other Consultant has worked in the Relevant Month, provided that for each Other Consultant the total number of hours for which Other Consultant Charges may be raised shall not exceed the total number of hours set out in the relevant work order under which the Other Consultant was requested.

2.1.38 Fire Safety Consultant Charges, which shall be payable in respect of the number of hours each Fire Safety Consultant has worked in the Relevant Month, provided that for each Fire Safety Consultant the total number of hours for which Fire Safety Consultant Charges may be raised shall not exceed the total number of hours set out in the relevant work order under which the Fire Safety Consultant was requested.

2.2 Where any Charges are dependent on the size of the relevant Affected Property, the Charges shall be calculated using the section of the relevant worksheet of the Financial Model that corresponds with the size of the relevant Affected Property, which shall be based on the following:

2.2.1 Small Site/Affected Property - Affected Properties with a net internal floor area of less than 1000.00000m².

2.2.2 Medium Site/Affected Property - Affected Properties with a net internal floor area between (and including) 1000.00001m² and 5000m².

2.2.3 Large Site/Affected Property - Affected Properties with a net internal floor area greater than 5000.00001m².

2.3 Where any Charges are calculated by reference to days or hours worked by a member of Supplier Personnel, the rates that shall be applicable for such Charges shall depend on whether the days or hours worked fall within Core Hours, Out of Hours or on Bank Holidays and shall be those applicable rates as set out in the relevant worksheet of the Financial Model.

2.4 Charges are inclusive of all expenses, including travel and subsistence costs.

2.5 For the avoidance of doubt, where any Charges are calculated by reference to costs or rates as specified in the Financial Model (as created and updated in accordance with Paragraphs 6 to 8 (inclusive) of Part A of this Schedule 7.1), subject to any specified contractual right to increase such costs or rates and any relevant agreed Changes, those costs and rates shall not increase during the Term irrespective of whether the costs to the Supplier in respect of such costs or rates increase (for whatever reason).

3 Additional Operational Services Charges

3.1 If the Authority gives notice pursuant to Clause 5.11 (Additional Operational Services) that it requires the Supplier to provide any or all of the Additional Operational Services, then the Authority shall be entitled to:

3.1.1 require the Supplier to provide such Additional Operational Service on the basis of the charges specified for the relevant Additional Operational Service set out in the relevant worksheet of the Financial Model; or

3.1.2 require the Supplier to review and update the Charges for the relevant Additional Operation Service taking into account any developments in technology since the Effective Date and subject always to the Additional Operational Services meeting the relevant part of the Statement of Requirements (**Repriced Additional Operational Service**).

3.2 In respect of any Repriced Additional Operational Service, the Supplier shall ensure that any new Charge proposed by the Supplier:

3.2.1 is supported by a report specifying the differences between the Additional Operational Services as specified in the relevant Detailed Solution and the new Additional Operational Services and providing charge is broken down;

3.2.2 is calculated using relevant rates set out in the Financial Model (including, but not limited to, applicable day rates and Charges for materials, equipment and consumables);

3.2.3 is reasonable in all regards and shall have regard to the Authority's obligation to ensure value for money and the Financial Transparency Objectives set out in Paragraph 1 of Part A of Schedule 7.5 (Financial Reports and Audit Rights); and

3.2.4 does not result in the Supplier exceeding the Maximum Permitted Profit Margin.

3.3 In relation to any new Charges related to the Repriced Additional Operational Service, the Supplier shall use all reasonable endeavours to minimise the costs in providing the Additional Operational Service, including in relation to sums payable to third parties

3.4 If the Authority:

3.4.1 Approves the Repriced Additional Operational Service, the Supplier shall update the relevant Detailed Solution to take into account any necessary changes and shall submit the Detailed Solution to the Authority for Approval in accordance with Part B of Schedule 6.1 (Implementation and Detailed Solution Development); or

3.4.2 rejects the Repriced Additional Operational Service, the Authority may:

(a) exercise its rights to require the provision of the Additional Operational Service at the price set out in the Financial Model in accordance with Paragraph 3.1.1 of this Part A of Schedule 7.1; or

(b) cancel its request for the relevant Additional Operational Service (without prejudice to the Authority's right to make further requests for that Additional Operational Service in the future).

4 **Exit Charges**

During the Termination Assistance Period the Supplier will be paid the Incurred Termination Services Charges in relation to the provision of the Termination Services, up to the Maximum Exit Charges, provided that the Authority has not terminated the Agreement under Clause 35.1.2.

5 **Time and Materials Pricing**

5.1 Where any Service Charges are to be calculated by reference to a Time and Materials pricing mechanism:

5.1.1 the applicable day rates or hourly rates set out in the relevant worksheets in the Financial Model and the relevant margin on materials set out in the relevant worksheet of the Financial Model shall be used to calculate the relevant element of the Service Charge, provided that the Supplier (or its Sub-contractor) shall:

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

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

5.1.2 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.

6 **Population of the Financial Model on Receipt of Detailed Employment Information relating to Transferred Former Supplier Employees**

6.1 As soon as reasonably practicable following receipt by the Supplier of the Transferring Former Supplier Employee Information and in any event at least 10 Working Days before the Operational Service Commencement Date, the Supplier shall update the Transferred Security Officer worksheet and the Account Management worksheet (as applicable) in the Financial Model to delete the Transferred Former Supplier Employee Notional Data and to insert the Variable Staff Costs (based on the Transferring Former Supplier Employee Information) for each Transferring Former Supplier Employee.

6.2 Following the update of the Financial Model pursuant to Paragraph 6.1 of this Part A, Schedule 7.7 (Financial Model) shall be updated accordingly and the updated version of the financial model shall be known as the **Initial Financial Model**.

7 **Stabilisation of costs in respect of changes to the Transferred Former Supplier Employee Information**

7.1 This Paragraph 7 applies in the event that, following the Operational Service Commencement Date, the Supplier becomes aware of changes or additions to information relating to Variable Staff Costs in respect of Transferred Former Supplier Employees, as compared to the information that formed part of the Transferring Former Supplier Employee Information.

7.2 Insofar as the Supplier is able to demonstrate to the reasonable satisfaction of the Authority that the actual Variable Staff Costs in respect of the Transferred Former Supplier Employees will, as a result of the relevant changes or additions, be higher than those Variable Staff Costs specified in the Initial Financial Model and provided that the Supplier has taken all reasonable steps to mitigate such higher Variable Staff Costs, the Supplier shall, subject to Paragraph 7.3 of this Part A, be entitled to an appropriate adjustment of:

7.2.1 in respect of Transferred Security Officers, the relevant Charge rate for the relevant Transferred Security Officer(s); and

7.2.2 in respect of Transferred Account Management Personnel, the Account Management Charges,

that are affected by the relevant Variable Staff Cost increase.

7.3 Any adjustment of the kind referred to in Paragraph 7.2 shall only be permissible where the relevant changes in respect of Variable Staff Costs result in an overall increase in the Costs to the Supplier of providing the Services (as compared to the position in the Initial Financial Model and provided that the Supplier has taken all reasonable steps to mitigate such higher Variable Staff Costs) and so shall take account of any Costs reductions or savings that may also have arisen as a result of the relevant changes. For the avoidance of doubt, any such adjustment shall be:

7.3.1 limited to the amount of the actual increase in the Variable Staff Costs and shall not operate to increase the Supplier Profit Margin in any way;

7.3.2 notified to the Authority within 3 Months of the Operational Service Commencement Date. For the avoidance of doubt, should the Supplier fail to make the Authority aware of the required adjustment in accordance with this Paragraph 7.3.2, the Supplier shall be deemed to have waived its right to such adjustment in accordance with Paragraph 7.2 of this Part A; and

7.3.3 effected via the Change Control Procedure.

7.4 The Supplier shall, as soon as reasonably practicable on, but no later than 14 days after, becoming aware, inform the Authority if the actual Variable Staff Costs in respect of the Transferred Former Supplier Employees will be lower than those Variable Staff Costs specified in the Initial Financial Model. In such circumstances:

7.4.1 in respect of Transferred Security Officers, the relevant Charge rate for the relevant Transferred Security Officer(s); and

7.4.2 in respect of Transferred Account Management Personnel, the Account Management Charges,

will be reduced by the amount of the actual decrease in the Variable Staff Costs . Any such reduction shall be effected via the Change Control Procedure.

7.5 For the avoidance of doubt, the Supplier shall not be entitled to any double recovery (whether by way of indemnity claim or Variable Staff Cost adjustment under this Paragraph 7 of Part A) from the Authority in respect of any Variable Staff Costs which are the subject of any indemnity obligation under this Agreement.

8 **Adjustment of costs in respect of changes to Transferred Account Management Personnel Roles Notional Data**

8.1 The Parties acknowledge that the Supplier based the proposed solution in respect of Account Management Personnel specified in its Final Bid Submission (including its Final Bid Submission Account Management Personnel Costs) on the Transferred Account Management Personnel Roles Notional Data. As part of that proposed solution the Supplier may have specified that on the Operational Service Commencement Date a number of Transferred Account Management Personnel would be made redundant as it was assumed that the roles that such Transferred Account Management Personnel performed whilst an employee of the Former Supplier were different to the roles that the Supplier intended the Account Management Personnel would perform as part of its proposed solution for Account Management Personnel and therefore would not be required as Account Management Personnel.

8.2 Following the Operational Service Commencement Date, it may become apparent that the roles actually performed by the Transferred Account Management Personnel (**Actual Roles**) are materially different to the roles that the Supplier assumed the Transferred Account Management Personnel would perform based on the Transferred Account Management Personnel Roles Notional Data and as set out in the Supplier's Pricing Rationale (**Assumed Roles**). If, as a direct result of the Actual Roles being materially different to the Assumed Roles, it would be unlawful for the Supplier to make any or all Transferred Account Management Personnel redundant and replace them with Non-Transferred Account Management Personnel and, as a direct result, the Supplier's Account Management Personnel Costs will be higher than the Supplier's Final Bid Submission Account Management Personnel Costs, the Supplier shall, subject to Paragraph 8.3 of this Part A, be entitled to an appropriate adjustment of the Supplier's Account Management Charge, provided that:

8.2.1 the Supplier provides evidence:

(a) of the basis of its assumptions in relation to the Assumed Roles;

(b) of why such assumptions are not correct; and

(c) of how the Supplier's Account Management Personnel Costs will be higher than the Supplier's Final Bid Submission Account Management Personnel Costs;

8.2.2 the Authority is satisfied (acting reasonably) that:

(a) the assumptions made by the Supplier were justified; and

(b) in making the assumptions, the Supplier has not, and has not tried to, manipulate the figures in its Final Bid Submission to artificially reduce the price specified in the Supplier's Final Bid Submission; and

8.2.3 following any adjustment in accordance with this Paragraph 8, the number of Account Management Personnel used to provide the Account Management Services shall not be different from the number specified in the Supplier's Final Bid Submission.

8.3 Any adjustment to the Account Management Charge of the kind referred to in Paragraph 8.2 of this Part A shall only be permissible where the Supplier incurs an overall increase in the Costs to the Supplier of providing the Services (as compared to the position in the Supplier's Final Bid Submission and provided that the Supplier has taken all reasonable steps to mitigate the requirement for an increase in the Account Management Charge) and so shall take account of any Costs reductions or savings that may also have arisen as a result of any difference between

the Assumed Roles and the Actual Roles. For the avoidance of doubt, any such adjustment to the Account Management Charge shall be:

8.3.1 limited to the amount of the difference between the actual Account Management Personnel Costs and the Supplier's Final Bid Submission Account Management Personnel Costs and shall not operate to increase the Supplier Profit Margin in any way;

8.3.2 notified to the Authority within 3 Months of the Operational Service Commencement Date. For the avoidance of doubt, should the Supplier fail to make the Authority aware of the required increase in the Account Management Personnel Charge in accordance with this Paragraph 8.3.2 of this Part A, the Supplier shall be deemed to have waived its right to an increase in the Account Management Charge in accordance with Paragraph 8.2 of this Part A; and

8.3.3 effected via the Change Control Procedure.

8.4 The Supplier shall, as soon as reasonably practicable on, but no later than 14 days after, becoming aware, inform the Authority if as a direct result of a difference between the Assumed Roles and the Actual Roles, the Supplier is not required by law to use any particular Transferred Account Management Personnel and, as a direct result, the Supplier's Account Management Personnel Costs will be lower than the Supplier's Final Bid Submission Account Management Personnel Costs. In such circumstances the Account Management Charges will be reduced by an amount equal to the difference between the actual Account Management Personnel Costs and the Supplier's Final Bid Submission Account Management Personnel Costs. Any such reduction in the Account Management Charges shall be effected via the Change Control Procedure.

8.5 For the avoidance of doubt, the Supplier shall not be entitled to any double recovery (whether by way of indemnity claim, any adjustment to Variable Staff Costs under Paragraph 7 of this Part A or an Account Management Charge adjustment under this Paragraph 8 of Part A) from the Authority in respect of any costs associated with the Account Management Charge which are the subject of any indemnity obligation under this Agreement or any adjustment in accordance with Paragraph 7 of this Part A.

9 **Charges for Replacement Material, Equipment and Consumables**

9.1 Subject to Paragraph 9.2 below, the Supplier shall only be entitled to invoice the Authority for the relevant System Installation Charges in respect of the initial supply of relevant Materials, Equipment and Consumables. For the avoidance of doubt, the Supplier must replace (free of charge) any Material, Equipment and Consumables that are damaged by the Supplier, break/fail or otherwise become unusable for any other reason, other than as set out in Paragraph 9.2 below.

9.2 The Supplier shall be entitled to invoice the Authority for the relevant System Installation Charges in respect of any replacement Materials, Equipment and/or Consumables that the Supplier is required to supply to the Authority because the then current Materials, Equipment and/or Consumables need to be replaced due to one or more of the following reasons (in each case only insofar as the reason is not connected with any act or omission of the Supplier or Supplier Personnel):

9.2.1 Vandalism;

9.2.2 Theft;

9.2.3 Misuse by the Authority or its employees; and/or

9.2.4 A Force Majeure Event.

10 **Apprenticeship Levy Costs**

10.1 The Supplier's Apprenticeship Levy Costs shall be the Supplier's paybill (as detailed in s100 of the Finance Act 2016) (**Paybill**) in respect of Supplier Personnel for the relevant Contract Year multiplied by the relevant apprenticeship levy rate as detailed in s99 of the Finance Act, minus a prorated amount of any allowance to which the Supplier is entitled under s99 of the Finance Act 2016. For the avoidance of doubt, the Supplier shall not be entitled to claim or charge for any costs or liabilities associated with the apprenticeship levy that arise due to any amount of the Supplier's Paybill that does not arise solely in connection with this Agreement.

11 Overhead Costs

11.1 The Charges include the Supplier's Overhead Costs. As such, the Supplier's Overhead Costs shall only be recovered by the Supplier by way of the Charges and shall not be recoverable by the Supplier in any other way. For the avoidance of doubt, the Authority shall not be liable to make any payment to the Supplier in respect of its Overhead Costs other than by payment of the Charges in accordance with the terms of this Agreement.

Part B – Payment and Invoicing

1 **Payment of the Charges**

1.1 This Paragraph 1 of Part B applies to all applications for payment other than an application for payment pursuant to the Final Reconciliation Report.

1.2 Subject to the provisions of Paragraph 1 of Part C in relation to the deduction of Delay Payments, on the Achievement of a Milestone the Supplier shall be entitled to apply to the Authority for the relevant Milestone Payment.

1.3 An application for an Implementation Charge, Service Charge and any applicable Milestone Payments may be submitted no later than the twentieth Working Day of each Month.

1.4 All applications for payment (whether for an Implementation Charge, Service Charge or Milestone Payment) shall be accompanied by:

1.4.1 a statement by the Supplier of the amount considered to be due and the basis upon which it is calculated including:

(a) a description of the Services provided in the Relevant Month;

(b) the dates on which such Services were performed;

(c) the Supplier's calculation of the Charges relating to such Services calculated in accordance with Paragraph 2 of Part A;

(d) the Supplier's calculation of any applicable Authority Savings Liabilities calculated in accordance with Part B of Schedule 7.6 (Savings Payments and Overspend Deductions);

1.4.2 a Certificate of Costs with Supporting Documentation;

1.4.3 the Supplier's calculation of any entitlement of the Authority to payment of any over-payment made to the Supplier;

1.4.4 details of any VAT or other sales tax payable in respect of Charges;

1.4.5 details of any Deductions that apply to the Charges detailed on the invoice;

1.4.6 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 Approval by the Authority, then to any such reports as are validated by the Authority in respect of the Services);

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

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

1.5 No later than 5 Working Days after receipt of the Supplier's application for payment, the Authority shall issue a notice to the Supplier stating the amount that it considers to be due and the basis on which it is calculated (**Charges Due Notice**). The amount due to the Supplier in respect of an Implementation Charge, Service Charge or a Milestone Payment (as the case may be) shall be the amount stated in the Authority's Charges Due Notice under this Paragraph 1.5.

1.6 In the absence of a Charges Due Notice by the Authority under Paragraph 1.5, the amount due to the Supplier in respect of an Implementation Charge, Service Charge or a Milestone Payment (as the case may be) shall be the amount stated in respect of the Milestone or Service Charge (as the case may be) in the Supplier's application under Paragraph 1.3.

1.7 If the Authority (or the Supplier) intends to pay less than the Notified Sum, it may issue a notice no later than the date which is one day before the final date for payment for such Implementation Charge, Service Charge or Milestone Payment (as the case may be) stating the amount which it considers to be due on the date of such notice and the basis upon which it is calculated.

1.8 No sooner than:

1.8.1 6 Working Days after the date of deemed receipt of the Authority's Charges Due Notice; or

1.8.2 where no Charges Due Notice is received by the Supplier in accordance with Paragraph 1.5, 11 Working days after deemed receipt of the Supplier's application in accordance with Paragraph 1.3,

the Supplier may submit an invoice for the Notified Sum.

1.9 Any invoice shall be cross referenced to the application to which the it relates and shall be submitted to:

The Finance Controller, DWP Estates, Department for Work and Pensions, Commercial Directorate – Estates and FM, Westminster Job Centre, Chadwick Street, London SW1P 2ES,

with a copy to such other person and at such place as the Authority may notify to the Supplier from time to time.

1.10 All Supplier invoices shall be expressed in sterling or such other currency as shall be permitted by the Authority in writing. 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. Subject to the relevant provisions of this Schedule, the Authority shall make payment to the Supplier within 30 days of receipt of a valid invoice by the Authority at its nominated address for invoices.

1.11 The Authority shall regard an invoice as valid only if it complies with the provisions of this Schedule 7.1. Where any invoice does not conform to the Authority's requirements set out in this Schedule, 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.

1.12 The Supplier undertakes to provide to the Authority any other documentation reasonably required by the Authority from time to time to substantiate any invoice.

2 Final Reconciliation Report

2.1 Within 6 Months of the end of the Termination Assistance Period (or if there is none, the end of the Term), the Supplier shall submit to the Authority its Final Reconciliation Report in accordance with Paragraph 2.2 of this Part B and Schedule 7.5.

2.2 The Final Reconciliation Report shall set out any outstanding amounts that the Supplier considers to be due to it or to the Authority (as the case may be) and the basis upon which it is calculated (the **Supplier Final Account Balance**), which shall include evidence of:

2.2.1 where the Agreement has not been terminated:

(a) the aggregate Charges charged by the Supplier in providing the Operational Services under this Agreement;

(b) the Achieved Contract Life Profit Margin;

(c) the aggregate value of any Annual Savings Payments received by the Supplier during the Term and any unpaid Annual Savings Payment to which the Supplier considers it is entitled;

(d) aggregate Deductions to which the Authority is entitled under this Agreement; and

(e) total payments made by the Authority in respect of the Services; or

2.2.2 where the Agreement has been terminated, the appropriate calculation of the Supplier's entitlement under Clause 36.3 or 36.4 (as the case may be).

2.3 Within 3 Months of receipt by the Authority of the Final Reconciliation Report, or where no Final Reconciliation Report is received from the Supplier at any time after the Final Reconciliation Report should have been received, the Authority shall submit to the Supplier its assessment of the amount that it considers to be due to the Supplier or to the Authority (as the case may be) and the basis upon which it is calculated (the **Authority Final Account Balance**).

2.4 Subject to Paragraph 2.7, the amount due to the Supplier or the Authority (as the case may be) shall be the amount stated in the Authority Final Account Balance.

2.5 In the absence of submission by the Authority of an Authority Final Account Balance by the time required by Paragraph 2.3, and subject to Paragraph 2.7, the amount due to the Supplier or the Authority in respect of the Final Reconciliation Report shall be the Supplier Final Account Balance.

2.6 The due date for payment of the Authority Final Account Balance or the Supplier Final Account Balance (as the case may be) is 3 Months after receipt of the Final Reconciliation Report. The final date for payment of such sum is the date which is 3 Months after the date on which an invoice for the Authority Final Account Balance or the Supplier Final Account Balance (as the case may be) was submitted.

2.7 If the Authority or the Supplier (as the case may be) intends to pay less than the Authority Final Account Balance or the Supplier Final Account Balance (as the case may be), it may issue a notice no later than the date which is one day before the final date for payment for such Authority Final Account Balance or the Supplier Final Account Balance (as the case may be) stating the amount which it considers to be due on the date of such notice and the basis upon which it is calculated.

2.8 No sooner than 6 Working Days after the due date, the Supplier (or the Authority as the case may be) may submit an invoice for the Authority Final Account Balance or the Supplier Final Account Balance (as the case may be).

2.9 Subject to the relevant provisions of this Schedule, the Authority or the Supplier (as the case may be) shall make payment of the Authority Final Account Balance or the Supplier Final Account Balance (as the case may be) to the Supplier or to the Authority (as the case may be) by the final date for payment.

2.10 Either Party may refer a dispute as to the amount due to the Supplier or the Authority (as the case may be) under this Paragraph 2 to the Dispute Resolution Procedure.

3 Forecasting of Charges

3.1 Not less than 5 Working Days before the end of each Month during the Term the Supplier shall submit a report to the Authority with a forecast of anticipated Charges for the following three Months. The report shall include a breakdown of anticipated Charges for each Month covered by the report, including:

3.1.1 any Milestones that are expected to be concluded in the relevant Month and related Milestone Payments;

3.1.2 the overall Implementation Charge and/or Service Charge anticipated for the relevant Month with a breakdown of each element of the Implementation Charge and/or Service Charge and the deliverables that relate to each element of the anticipated Implementation Charge and/or Service Charge;

3.1.3 any Deductions that are anticipated to apply in the relevant Month, including Delay Payments, Service Credits and Overspend Deductions;

3.1.4 any Savings expected to be realised in the relevant Month, together with details of the relevant Savings Proposal and Savings Period; and

3.1.5 details of any Authority Savings Liabilities expected to arise during the relevant Month and details of the relevant Savings Proposal to which they relate.

Part C - Adjustments to the Charges

1 Delay Payments

1.1 If a Milestone has not been Achieved on or before the relevant Milestone Date, without prejudice to any other remedies that the Authority may have in accordance with this Agreement, the Supplier shall pay a Delay Payment to the Authority in respect of that Milestone. Delay Payments shall accrue:

1.1.1 in accordance with the amounts or percentage deductions specified in Annex 1A or 1B of this Schedule 7.1 (as applicable);

1.1.2 from (but excluding) the relevant Milestone Date until the date on which the Milestone is Achieved; and

1.1.3 on a daily basis, with any part day's Delay counting as a day.

1.2 The Parties agree that Delay Payments have been calculated as, and are, a commercially reasonable and proportionate reduction of the Charges or Milestone Payments payable by the Authority, to reflect the reduced value of the Services actually received by the Authority and the inconvenience and costs that will be incurred by the Authority as a result of the Delay. Delay Payments are stated exclusive of VAT.

1.3 The Delay Payment in respect of a Milestone 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 Milestone is Achieved or the expiry of the Delay Deduction Period (as the case may be).

1.4 If the relevant Milestone is not Achieved by the expiry of the Delay Deduction Period and no invoice is due to be issued by the Supplier within 10 Working Days of expiry of the Delay Deduction Period, then the Supplier shall within 10 Working Days of expiry of the Delay Deduction Period:

1.4.1 issue a credit note to the Authority in respect of the total amount of the Delay Payment in respect of the Milestone; and

1.4.2 pay to the Authority as a debt a sum equal to the total amount of the Delay Payments in respect of the 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.

1.5 If the relevant Milestone is still not achieved following the Delay Deduction Period, the Delay Payment in respect of a Milestone shall be shown as a deduction from the amount due from the Authority to the Supplier in each Monthly invoice issued by the Supplier following the Delay Deduction Period until the Milestone is achieved.

2 Payments for Delays due to Authority Cause

2.1 If the Supplier is entitled in accordance with Clause 33.1(c)(iii) (Authority Cause) to compensation for failure to Achieve a Milestone by its Milestone Date, then, subject always to Clause 25 (Limitations on Liability), such compensation shall be determined in accordance with the following principles:

2.1.1 the compensation shall reimburse the Supplier for additional Costs incurred by the Supplier that the Supplier:

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

(b) is, has been, or will be unable to mitigate, having complied with its obligations under Clause 33 (Authority Cause),

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

2.1.2 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;

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:

3.1.1 the number of Service Failure Points accrued in any one Measurement Period pursuant to the provisions of Schedule 2.2 (Performance Levels); and

3.1.2 the number of Service Failure Credits accrued in the relevant Measurement Period pursuant to the provisions of Schedule 2.2 (Performance Levels).

3.2 For each Measurement Period:

3.2.1 the Service Failure Points accrued shall be converted to Service Credit Units; and

3.2.2 the total Service Credits applicable for the Measurement Period shall be calculated in accordance with the following formula:

SC = (SCU x SCV) + (SFC x SCV)

where:

SFC	is the total Service Failure Credits accrued by the Supplier for the relevant Measurement Period;
SC	is the total Service Credits for the relevant Measurement Period;
SCU	is the total Service Credit Units for the Measurement Period;
SCV	is the Service Credit Value for the relevant Contract Year as set out in the table below.

3.3 The value of the Service Credit Value in each Contract Year shall be as follows:

Contract Year	**Service Credit Value**
[REDACTED]	

3.4 The liability of the Supplier in respect of Service Credits shall be subject to Clause 25.6 (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 Failure Points and/or Service Credits (as the case may be) in excess of such financial limit in accordance with the provisions of Schedule 2.2 (Performance Levels).

3.5 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.

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

4 Changes to Charges

4.1 Subject to Paragraph 4.2, any Changes to the Charges shall be developed and agreed by the Parties in accordance with Schedule 8.2 (Change Control Procedure) and on the basis that the Supplier Profit Margin on such Charges shall:

4.1.1 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

4.1.2 in no event exceed REDACTED.

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

5 Indexation and Changes to Security Officer Charges

Indexation

5.1 Subject to Paragraphs 5.2 to 5.4 of this Part C, Indexation may be applied by the Supplier:

5.1.1 on 1 October in the second Contract Year, to each Transferred Security Officer Hourly Wage Cost and each Non-Transferred Security Officer Hourly Wage Cost by increasing each relevant cost by the GMB Percentage Increase, provided that the Supplier provides written evidence of the GMB Percentage Increase prior to any such Indexation taking place; and

5.1.2 on 1 October in the third Contract Year and on 1 October in each subsequent Contract Year, to each Transferred Security Officer Hourly Wage Cost and each Non-Transferred Security Officer Hourly Wage Cost by increasing each relevant cost by the average percentage increase in the Average Weekly Earnings Measurement in the preceding 6 month period,

and the Supplier shall have no right to apply any further Indexation to any Charges without the prior written consent of the Authority.

5.2 For the avoidance of doubt, the GMB Percentage that may be applied in accordance with Paragraph 5.1.1 of this Part C, may be applied to the Transferred Security Officer Hourly Wage Cost or Non-Transferred Security Officer Hourly Wage Cost (as applicable) in respect of all Security Officers, not just those Security Officers that are members of the GMB Union.

Changes to Security Officer Charges

5.3 At the end of the second Contract Year and each subsequent Contract Year, the Supplier may send a written request to the Authority that it would like to review the rates applicable to the Security Officer Charges as set out in the Financial Model (**Security Officer Charge Review Request**). The Supplier shall attach to any Security Officer Charge Review Request a report specifying the proposed amendments to the rates and a detailed justification for such amendments (**Security Officer Charge Review Report**). It shall be at the Authority's sole discretion as to whether the Authority:

5.3.1 is willing to enter into negotiations with the Supplier regarding any Security Officer Charge Review Request;

5.3.2 accepts any change to the rates based on the Security Officer Charge Review Report or any subsequent negotiations; or

5.3.3 rejects any Security Officer Charge Review Requests.

Where the Authority rejects a Security Officer Charge Review Request, the rates applicable to the Security Officer Charges immediately prior to the Security Officer Charge Review Request shall remain in force with no amendment.

5.4 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.

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Part D – Excessive Supplier Profit Margin

1 Limit on Supplier Profit Margin

1.1 The Supplier acknowledges that in relation to each Charge the Achieved Profit Margin applicable over the Term shall not exceed the Maximum Permitted Profit Margin for the relevant Charge.

1.2 The Supplier shall include in each Annual Contract Report the Achieved Profit Margin for each Charge as at the end of the Contract Year to which the Annual Contract Report is made up.

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 7.5 (Financial Reports and Audit Rights)) that the Achieved Profit Margin for any Charge (as at the end of the Contract Year to which the Annual Contract Report is made up) exceeds the Maximum Permitted Profit Margin for the relevant Charge:

2.1.1 the Supplier shall, within 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 for the relevant Charge 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; and

2.1.2 the Authority (acting reasonably) may agree or reject the proposed adjustments.

2.2 If the Authority rejects the proposed adjustments it shall give reasons and the Supplier shall propose revised adjustments within 10 Working Days of receiving those reasons.

2.3 If the Parties cannot agree such revised adjustments and the Authority terminates this Agreement by issuing a Termination Notice to the Supplier pursuant to Clause 35.1.2 (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.

2.4 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 Measurement Period that immediately follows the Measurement Period in which the Change Authorisation Note is executed or such other date as is specified in the Change Authorisation Note.

Annex 1A – Non-implementation Milestones and Non-implementation Milestone Payments

Part A – Non-implementation Milestone Payments and Delay Payments under the Replacement Security Systems Detailed Solution

1 The Replacement Security System Installation Charges for Replacement Security Systems will be paid in accordance with the table below. The "Non-implementation Milestone Payment" is a percentage of the total Replacement Security System Installation Charge for the relevant Affected Property.

Milestone Number	Non-implementation Milestone Requirement	Non-implementation Milestone Payment (£)	Delay Payments
1	Acceptance by the Authority of the Functional Design Specification for each Site, including but not limited to: • schematics; • design details; • equipment specifications; • component connectivity; • IT interfaces; • method statements; • interoperability criteria; • mechanisms for testing and handover; and • set up and operation all of which shall meet the Authority's Requirements.	[REDACTED] of the relevant Replacement Security System Installation Charge	[REDACTED]
2	Provision to the Authority of detailed design and successful Completion of Site Acceptance Tests (SATs) for each Replacement Security System including supporting documentation, in each case in accordance with the Statement of Requirements.	[REDACTED] of the relevant Replacement Security System Installation Charge	[REDACTED]
3	Successful Completion of	[REDACTED] of the relevant	[REDACTED]

	Integrated Site Acceptance Testing (ISAT) and Load Testing of the complete Replacement Security System for the relevant Site and provision to the Authority of supporting documentation, in accordance with the Statement of Requirements.	Replacement Security System Installation Charge	
4	Delivery to the Authority for approval the complete Operation & Maintenance (O&M) Manuals for the relevant Site.	[REDACTED] of the relevant Replacement Security System Installation Charge	[REDACTED]

Part B –Delay Payments in respect of AACS Transition

1 The following Non-implementation Milestone shall apply to the Supplier's obligations to ensure that Supplier System replaces the Automate Access Control System:

Milestone Number	Milestone Requirement	Delay Payments (per day)
	Ensure that the Supplier System is functional (in accordance with the Replacement Security System Detailed Solution and the Authority Requirements) at all Sites to such a level that all aspects of the Automated Access Control System can be decommissioned in accordance with Schedule 14 by the Replacement Automated Access Control System Completion Date.	[REDACTED]

Annex 1B – Implementation Milestones

The following Delay Payments will apply to Implementation Milestones:

0 to 5 days late –**[REDACTED]**deduction per Working Day (or part thereof)

Over 5 days late - **[REDACTED]**deduction per Working Day (or part thereof)

Annex 2 - Pro-forma Certificate of Costs

I [**name of CFO or Director of Finance or equivalent as agreed in advance in writing with the Authority**] of [**insert name of Supplier**], certify that the financial information provided as part of this Certificate of Costs, incurred in relation to the [**insert name/reference for the Agreemen**t] (the **Agreement**) in relation to the following [Milestone/Milestone Group]:

[Insert details of Milestone/Milestone Group]

1 **Has been reasonably and properly incurred in accordance with [name of Supplier's books, accounts, other documents and records];**

2 **Is accurate and not misleading in all key respects; and**

3 **Is in conformity with the Agreement and with all generally accepted accounting principles within the United Kingdom.**

Signed [**Director of Finance or equivalent**]

[**Name of Supplier**]