SC1

1.1 In respect of the Temporary Assessment Period (TAP) (as defined below), a provisional No Pay Amount shall be calculated using the following formula. The provisional No Pay Amount shall be subject to a final adjustment in accordance with paragraph 1.2 below to determine the No Pay Amount. The Provider shall provide any further information as the Authority may reasonably require in relation to the calculation:

Formula:

provisional No Pay Amount = (AP – AT) * TCMP

where:

'Temporary Assessment Period (TAP)' for the purposes of this Variation means the four-month period from July to October;

'AP' means the Aggregated Performance (as such Aggregated Performance would otherwise be calculated under paragraph 5B.2.3 of Appendix 4 ((Prices and Rates) of the Contract, but with such amendments as are necessary to reflect the application of the Temporary Assessment Period in place of the Assessment Period (which would otherwise apply under such paragraph 5B.2.3));

'AT' means the Agreed Tolerance;

'TCMP' means the payment to be made to the Provider under the Temporary Cost Model for the delivery of the Services in the Temporary Assessment Period (exclusive of any applicable VAT), before taking into account the effect of any adjustment of price (including No Pay Amounts, Service Credits and any Profit shared between the Parties in accordance with Part E (Profit Share) of Appendix 4 (Prices and Rates)) of the Contract during such period. For the avoidance of doubt the "TCMP" will not include pass through costs specified in Appendix 4 (Prices and Rates) Annex 1 (Rates Payable), Table D (Further Medical Evidence) of the Contract in respect of Further Medical Evidence.

1.2 In respect of the TAP, the provisional No Pay Amount shall be adjusted to determine the No Pay Amount based on the Aggregated Performance during the TAP. In order to calculate the No Pay Amount from the provisional No Pay Amount, the provisional No Pay Amount shall be split into up to four (4) tranches and adjusted using the following table.

Where, the AP goes to three (3) or more decimal places, the AP of the calculation shall be rounded to the nearest two (2) decimal places and where the third or more decimal places is a value of five (5), the result shall be rounded up):

AP	Calculation	No Pay Amount (£)
Tranche 1: 0.00 < AP ≤ 0.03	Provisional No Pay Amount for Tranche 1 x 0%	0%
Tranche 2: 0.03 <AP ≤ 0.04	Provisional No Pay Amount for Tranche 2 x 25%	A
Tranche 3: 0.04 < AP ≤ 0.05	Provisional No Pay Amount for Tranche 3 x 50%	B
Tranche 4: AP > 0.05	Provisional No Pay Amount for Tranche 4 x 100%	C
Total No Pay Amount	A+B+C	

1.3 Paragraphs 1.1 and 1.2 shall be interpreted and applied in accordance with the following worked examples

Worked Examples:

(1) Worked example

	Temporary Assessment Period				**Credit note against the invoice issued across the Temporary Assessment Period**
	Month 1 *(July 20)*	**Month 2** *(Aug 20)*	**Month 3** *(Sept 20)*	**Month 4** (Oct 20)	**Month 5** *(November 2020)*
Total Reports	1,000	1,000	1000	1000	
AP Total Reports	1,000 + 1,000 + 1000 + 1000 = **4,000 AP Total Reports**				
Unacceptable Reports	75	35	76	62	
AP Unacceptable Reports (para 5B.2.3)	75 + 35 + 76 + 62 = **248 AP Unacceptable Reports**				
Aggregated Performance	248 / 4000 = **0.062**				
Agreed Tolerance	**0.03**				
					TCMP
Total Monthly Price (£)	£1m	£1m	£1m	£1m	**£4m**
Tranche 1 calculation					**NIL**
Tranche 2 calculation:					
provisional No Pay Amount for Tranche 2	0.04-0.03 = 0.01				£4m (from four-month total) x 0.01

		= £40,000
No Pay Amount for Tranche 2		£40,000 x 25% =£10,000
Tranche 3 calculation:		
Provisional No Pay Amount for Tranche 3	0.05-0.04 =0.01	£4m (from four-month total) x 0.01 = £40,000
No Pay Amount for Tranche 3		£40,000 x 50% = £20,000
Tranche 4 calculation:		
Provisional No Pay Amount for Tranche 4	0.06-0.05 =0.01	£4m (from four-month total) x 0.01 = £40,000
No Pay Amount for Tranche 4		£40,000 x 100% = £40,000
	TOTAL	**£70,000**