Home Office

AUTHORITY: The Secretary of State for the Home Department

Schedule F - Payment Mechanism

Escorting Services

THE CONTRACT

Document	Title
Main Terms	Services Agreement
Schedules	
A	Insurances
B	Mobilisation & Permit to Operate
	Part 1 - Requirements
	Part 2 - Response
C	Testing Procedures
D	Service Requirements
	Part 1 – Service Specification
D1	Management Services
D2	Core Services
D3	In-Country Escorting
D4	Overseas Escorting
D5	Holding Rooms
D6	Short Term Holding Facilities
D7	Juxtaposed Controls
D8	Glossary
	Part 2 – Service Response
E	Guarantee
F	**Payment Mechanism**
G	Performance Evaluation and Service Unavailability
H	Innovation and Partnership Agreement
I	Commercially Sensitive Information
J	Dispute Resolution Procedure
K	Notified Key Sub-contractors
L	Change Control Procedures
M	Key Personnel
N	Exit Management
O	Service Improvement
P	Financial Distress
Q	Financial Reports and Audit Rights
R	IT Systems Requirements

Document	Title
	Part 1 – IT Systems Requirements
	Part 2 – IT Systems Solution
S	Governance
T	Standards
U	Security Management
V	Business Continuity and Disaster Recovery
W	Payments on Termination
X	Reports and Records Provisions
Y	Third Party Contracts
Z	Staff Transfer
Appendix 1	Evaluators' Clarification Questions
Appendix 2	Supplier's Allowable Assumptions
Appendix 3	Supplier's Clarification Questions

CONTENTS

PART A	**DEFINITIONS**	**5**
PART B	**INTRODUCTION**	**17**
PART C	**PRICING**	**29**
PART D	**CHARGING MECHANISMS**	**26**
PART E	**LIMIT ON SUPPLIER PROFIT MARGIN**	**31**
PART F	**INDEXATION**	**32**
PART G	**NOT USED**	**34**
PART H	**CALCULATION OF PAYMENTS**	**35**
PART I	**MANAGEMENT SERVICE (MS)**	**40**
PART J	**(UK) HOLDING ROOMS (HR)**	**42**
PART K	**RESIDENTIAL SHORT TERM HOLDING FACILITIES**	**44**
PART L	**JUXTAPOSED CONTROLS**	**46**
PART M	**IN-COUNTRY ESCORTING (ICE)**	**48**
PART N	**OVERSEAS ESCORTING (OSE)**	**54**
PART O	**FAMILY TEAM**	**62**
PART P	**IT SERVICE**	**63**
PART Q	**DEMOBILISATION**	**64**
PART R	**INVOICING AND PAYMENT TERMS**	**65**
PART S	**CERTIFICATE OF COSTS**	**68**
PART T	**INDICATIVE RATE CHARGING AND REVIEW**	**69**

Annexes

PART A: DEFINITIONS

The following is a list of the key definitions and abbreviations used throughout this document.

Term	Definition
2016 Journey Data	Means data relating to movement requests and Journeys which were undertaken during the 2016 calendar year by the supplier which supplied the Preceding Services, which was included as part of the Request for BAFO;
Achieved Profit Margin	The cumulative Supplier Profit Margin calculated from (and including) the Effective Date to (and including) the last day of the previous Contract Year;
Ad Hoc Services	Ad Hoc services include: (a) the provision of Ad Hoc Holding Rooms and (b) the provision of Ad Hoc Guarding Services which are provided on a service request basis by the Supplier and are charged for using Volume-Related Payments, as specified for Ad Hoc Holding Rooms in Paragraph 2.2 of Part J and for Ad Hoc Guarding Services in Paragraph 2.3 of Part M of this Schedule F (*Payment Mechanism*); Provisions of Part T of this Schedule F (*Payment Mechanism*) shall also apply;
Ad Hoc Holding Rooms	Holding Rooms which are provided on an ad hoc basis as specified in Part J of this Schedule F (*Payment Mechanism*); Provisions of Part T of this Schedule F (*Payment Mechanism*) shall also apply;
Ad Hoc Guarding Services	Guarding Services which are provided on an ad hoc basis as specified in Part M of this Schedule F, such as court watches, special operations and bed guarding (*Payment Mechanism*);
Annual Contract Report	The annual report to be provided by the Supplier to the Authority pursuant to paragraph 1 of Part B of Schedule Q (*Financial Reports and Audit Rights*);
Average Weekly Earnings	The Average Weekly Earnings (AWE) measure is the Office for National Statistics' (ONS) lead indicator of short-term changes in earnings;

Term	Definition
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 Part S of this Schedule F;
Charges	The charges for the provision of the Services as set out in or otherwise calculated in accordance with this Schedule F (*Payment Mechanism*), including any Milestone Payment or Service Charge;
Charter Flight	The provision of OSE Services by use of an aircraft chartered on behalf of the Authority;
Collar	Means the amount as expressed in pounds sterling set out by the Supplier in Annex O of the Supplier Response.
Collar Mechanism	Has the meaning as set out in Paragraph 6.3 of Part C to this Schedule F (*Payment Mechanism*);
Commencement of Full Services	Means the date on which all the Services are due to be fully operational, being 1st May 2018;
Contract Month	Means any month in a Contract Year, provided that: (a) The first Contract Month shall commence on the date upon which the Commencement of Full Services falls and end on the last day of the month in which the Commencement of Full Services occurs; and (b) The last Contract Month shall begin on the first day of the month in which the last day of the Term occurs and end on the last day of the Term;
Contract Year	Means a period of 12 months commencing on 1 May, provided that: (a) The first Contract Year shall be the period commencing on the Commencement of Full Services and ending on the following 30th April; and (b) The final Contract Year shall be the period commencing on 1st May preceding the last day of the Term and ending on that day;

Term	Definition
Costs	The following costs (without double recovery) to the extent that they are reasonably and properly incurred by the Supplier in providing the Services: (a) the cost to the Supplier or a Key Sub-contractor (as the context requires), of engaging the Supplier Personnel, including: (i) base salary paid to the Supplier Personnel; (ii) employer's national insurance contributions; (iii) pension contributions; (iv) car allowances; (v) any other contractual employment benefits; (vi) staff training; (vii) work place accommodation; (viii) work place IT equipment and tools reasonably necessary to perform the Services (but not including items included within limb (b) below); and (ix) reasonable recruitment costs, as agreed with the Authority; (b) costs incurred in respect of those Assets which are detailed on the Registers and which would be treated as capital costs according to generally accepted accounting principles within the UK, which shall include the cost to be charged in respect of Assets by the Supplier to the Authority or (to the extent that risk and title in any Asset is not held by the Supplier) any cost actually incurred by the Supplier in respect of those Assets; (c) operational costs which are not included within (a) or (b) above, to the extent that such costs are necessary and properly incurred by the Supplier in the delivery of the Services; (d) Reimbursable Expenses to the extent these are properly and necessarily incurred in the performance of the Services;

Term	Definition
	but excluding: (i) overhead (excepting the amounts listed in Annex P, which shall be included in (c) above); (ii) financing or similar costs; (iii) other risks (iv) maintenance and support costs to the extent that these relate to maintenance and/or support services provided beyond the Term, whether in relation to Assets or otherwise; (v) taxation; (vi) fines and penalties; and (vii) non-cash items including, inter alia, impairments and movements in provisions. Contract specific depreciation, accruals and prepayments are allowed;
Cost of Volumetric Payment	The Cost of Volumetric Payment is the staffing elements of the Volume Related Payment (excluding Mark-up) in respect of ICE Services or OSE Services (scheduled and chartered) during a particular Service Period, as calculated in accordance with Paragraph 2.2 of Part M or paragraph 2 of Part N (as applicable) of this Schedule F. Cost of Volumetric Payment is only applicable to the Collar Mechanism, and shall not be used for any other purpose. Rates used to calculate the Cost of Volumetric Payment shall be those given in Unit_Rates1_IN of the financial pricing model;

Term	Definition
Cost to Collar Payment	This is the additional payment made by the Authority where the Cost of Volumetric Payment in respect of ICE Services or OSE Services (scheduled and chartered) during a particular Service Period is below the Collar, and represents the difference between the value of Cost of Volumetric Payment and the Collar. No margin or mark-up shall be included in, or applied to the Cost to Collar Payment. Cost to Collar Payment (£) = Collar (£) – Cost of Volumetric Payment (£);
Consumer Price Index (CPI)	The Consumer Price Index (CPI) is a measure that is published by the Office of National Statistics and examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living; the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation;
Detainee	A person detained by the Authority in accordance with its powers under the Immigration Act 1971, the Immigration and Asylum Act 1999 and the Nationality, Immigration and Asylum Act 2002, who is the end user of the Services;
Detainee Movement	A Journey undertaken by a single Detainee;
Expected Demand	Means the number of Detainee Movements, as identified by the Parties, which the Supplier could reasonably be expected to fulfil in a Contract Month through efficient and effective deployment of its Staffing Model and Vehicle Solution. The Expected Demand at the Effective Date has been set by reference to the 2016 Volume Data and shall be re-baselined during the Mobilisation Period in accordance with Paragraphs 6.3 to 6.5 of Part C of this Schedule F (*Payment Mechanism*)). It shall thereafter be subject to review by the Parties from time to time in accordance with Paragraphs 6.14-6.20 of Part C of this Schedule F (*Payment Mechanism*)).

Term	Definition
Firm Price	Means firm price Charges, which shall not vary based on the level of Costs incurred by the Supplier and shall not be subject to Indexation;
First Indexation Review Date	Means 1st May 2018;
Fixed Price	Means fixed price Charges, which shall not vary based on the level of Costs incurred by the Supplier, but shall be subject to increase by way of Indexation;
Gain Share	Has the meaning as set out in Schedule H (Innovation and Partnership Agreement);
Guaranteed Maximum Price with Target Cost (GMPTC)	Has the meaning as set out in paragraph 2 of Part C to this Schedule F (Payment *Mechanism*);
Impact Assessment	A report on the expected result of a proposed change to the delivery of a Service or the Services, including the impact on, inter alia and for example, Service efficiency, Service performance, the utilisation of resources and the Charges;
Indexation Review Date	Shall be the First Indexation Review Date and each anniversary thereafter, upon which day the indexable elements are subject to indexation in accordance with Part F to this Schedule F (Payment *Mechanism*);
Index and Indexation	The adjustment of an amount, sum or rate in accordance with Part F to this Schedule F (*Payment Mechanism*);
Indicative Rates	Indicative Rates mean those rates identified in Part T (indicative rate charging and review) of this Schedule F (*Payment Mechanism*) which shall be chargeable from Commencement of Full Services, until the final rates are agreed between the Parties. Such final rates to be agreed in accordance with the provisions of Part T of this Schedule F (*Payment Mechanism*);
Interim Payment	In relation to a Milestone, means an amount of money paid by the Authority before the Milestone is completed in order to reasonably compensate the Supplier for Costs incurred to date in delivering that Milestone;

Term	Definition
Journey	a “Journey” for the purposes of the ICE Service is the transporting of one (1) or more Detainee(s) from one location to another within the UK. Where more than one (1) Detainee is being transported from the same pick up location to the same drop off location and multiple Detainees are placed on the same vehicle this shall constitute one (1) Journey, and shall not be treated as multiple Journeys for charging purposes.
Man Day	7.5 Man Hours, whether or not such hours are worked consecutively and whether or not they are worked on the same day;
Man Hours	The hours spent by the Supplier Personnel properly working on the Services, including time spent travelling (other than to and from the Supplier's offices, or to and from the Sites) but excluding lunch breaks;
Maximum Permitted Profit Margin	Has the definition as set out in Part E to this Schedule F (Payment *Mechanism*);
Milestone	An event or task which shall be completed by the relevant Milestone Date;
Milestone Achievement Certificate	The certificate to be granted by the Authority when the Supplier has Achieved a Milestone, which shall be in substantially the same form as that set out in Annex C to this Schedule F (*Payment Mechanism*);
Milestone Group	Several Milestones, which are together considered a group, required to achieve a particular project or activity, over which the Target Costs and actual Costs are calculated in aggregate;
Milestone Payment	The price of the Milestone less any Milestone Retention;
Milestone Retention	Only applicable to IT Milestones and amounting to 10% of the Milestone target price, retained for 6 months after the Commencement of Full Services or the achievement of a Minimum Viable Product (IT), whichever is the later;

Term	Definition
Mobilisation Costs	Means those Costs arising from the activities defined by the provisions of Schedule B (*Mobilisation & Permit to Operate*);
Monthly Service Charge (MSC)	Means the monthly service Charge for the relevant Service Area for the relevant Contract Month, as set out in the Financial Pricing Model and referred to in this Schedule F;
Monthly Service Payment (MSP)	Means the amount payable to the Supplier in accordance with the provisions of Part H (Calculation of Payments) to this Schedule F (*Payment Mechanism*);
Operational Control Centre	Means the Supplier's centre(s) where operational Service Requests are co-ordinated and tasked in accordance with Schedule D (*Service Specification*);
Overhead	Those amounts which are intended to recover a proportion of the Supplier's indirect corporate costs (including financing, marketing, advertising, research and development, IPR and insurance costs and any fines or penalties);
Pass-Through Costs (PTC)	Means those costs in respect of goods and/or services purchased by the Supplier in the provision of the Services and invoiced to the Authority for reimbursement at the purchase price, without any additional margin or charges. Permitted Pass-Through Costs are set out in each relevant Part to this Schedule F (*Pricing Mechanism*);
Payment Milestone	Means a Milestone which has a payment attached and that payment becomes due once the Milestone is achieved and a Milestone Achievement Certificate is authorised;
Performance Threshold	Means the number of Detainee Movements, identified by the Supplier in Annex O of the Supplier Response, as the number of Detainee Movements which the Supplier is able to fulfil, over and above the Expected Demand, through the most efficient and effective deployment of its Staff Model and Vehicle Solution, at no additional cost to the Authority;

Term	Definition
Performance Threshold and Collar Mechanism	Means the mechanism set out in paragraph 6 of Part C of this Schedule F (*Payment Mechanism*), which applies to ICE and OSE (both scheduled and chartered) Journeys, where certain Volume-Related Payments apply;
Performance Threshold Mechanism	Means the mechanism described at Paragraphs 6.9 to 6.13 inclusive of Part C to this Schedule F (*Payment Mechanism*);
Profit	In relation to a Service or Milestone (as the context dictates), the difference between the total Charges and total Costs for the relevant period, or in relation to the relevant Milestone;
Reimbursable Expenses	Reasonable out of pocket travel and subsistence (as per the Authority Policy, for example, hotel and food) expenses, properly and necessarily incurred in the performance of the Services, calculated at the rates and in accordance with the Authority's expenses policy current from time to time, but not including: i. travel expenses incurred as a result of Supplier Personnel travelling to and from their usual place of work, or to and from the premises at which the Services are principally to be performed, unless the Authority otherwise agrees in advance in writing; and ii. subsistence expenses incurred by Supplier Personnel whilst performing the Services at their usual place of work, or to and from the premises at which the Services are principally to be performed
Request for BAFO	The request for best and final offers for the provision of the Services which was issued by the Authority on 17th May 2017;
Residential Short Term Holding Room	Means the same as Residential Short Term Holding Facility or RSTHF.

Term	Definition
Service Area	An element of the Escorting Services, being one of the following; • Management Service • Holding Rooms (HR) • Residential Short Term Holding Facilities (RH) • Juxtaposed Controls (JC) • In-Country Escorting (ICE) • Overseas Escorting (OSE) • Family Team (FT) • IT Services (IT)
Service Charge	Means the periodic payments made in accordance with this Schedule F (*Payment Mechanism*) in respect of the supply of the operational Services;
Service Charge Commencement Trigger Event	The trigger event specified in Table 2A of Annex E to this Schedule F (*Payment Mechanism*), upon the achievement of which the Supplier fully provides a Service or Services in accordance with the provisions of Schedule D (*Service Specification*);
Service Charge Expiry Date	Means the date upon which the Supplier stops fully providing a Service or Services in accordance with the provisions of Schedule D (*Service Specification*);
Service Charge Expiry Event	Means the event that triggers the cessation of a Service Charge;
Service Charge Trigger Event	The event that triggers the commencement of a Service Charge;
Service Credit (SC)	Has the meaning given in Paragraph 5 of Part H to this Schedule F (Payment Mechanism);
Service Credit Cap	Has the meaning given in Paragraph 5 of Part H to this Schedule F (Payment Mechanism);
Staffing Model	The Supplier's staffing model, as set out in the Supplier Response and as updated from time to time in accordance with the terms of this Agreement, which sets out (without limitation) the numbers and grades of staff which the Supplier will deploy in the provision of the Services;

Term	Definition
Staffing-Related Costs	In respect of the Collar, to comprise all staffing and associated costs incurred in the delivery of the Services. All such costs to be unavoidable and necessarily incurred, including, inter alia, staffing costs, recruitment and training, subsistence, communication costs, miscellaneous equipment costs and Overheads. Staffing-Related Costs exclude any provision for Profit and risk mark-ups;
Supplier Mark Up	In relation to a Service or Milestone (as the context dictates), the percentage uplift applied to the Costs in order to determine the Price. This may be written as: Supplier Mark Up % = (Mark Up/Cost) x100. The Financial Pricing Model requires the Supplier to add a Mark Up to its Costs in order to derive its price for the Services. Mark Up comprises Overhead, risk and Profit. A “risk” for the purposes of this definition shall mean the probability or threat that the Supplier will not be able to deliver the Services in accordance with this Agreement because of an event or occurrence;
Supplier Profit Margin	In relation to a Service or Milestone (as the context dictates), the Profit for the relevant period or in relation to the relevant Milestone, divided by the total Price over the same period or in relation to the relevant Milestone, expressed as a percentage. This may be written as: Supplier Profit Margin % = (Profit/Price) x100;
Supporting Documentation	Sufficient information in writing or spreadsheet form to enable the Authority to reasonably assess whether Charges, Reimbursable Expenses and any other sums invoiced to the Authority are properly payable, including copies of any applicable Milestone Achievement Certificates or any receipts;
Target Cost	Where Guaranteed Maximum Price with Target Cost pricing applies, a Target Cost shall be agreed between the Authority and the Supplier, using joint estimation if appropriate. The Target Cost shall be set out in Table 1 of Annex E. Also, see the definition for “Target Price” below;

Term	Definition
Target Price	Where Guaranteed Maximum Price with Target Cost pricing applies, a Target Cost and level of Supplier Profit, together being the “Target Price”, shall be agreed between the Authority and the Supplier. When agreeing the Target Price, the Authority and the Supplier shall consider the degree of risk associated with the Services to which the Target Cost Pricing shall apply. The Authority and the Supplier shall assign and identify ownership of risks and quantify their impact. The Target Price shall be derived from this and be set out in Table 2B of Annex E. Also, see the definition for “Target Cost” above;
Unavailable or Unavailability	Means that the Services are not available for use during the specified operational hours, or are otherwise deemed Unavailable by the Authority’s Representative or Contract Administrator, in accordance with the provisions of Schedule G (*Performance Evaluation*);
Unit Cost	Means the amount in pounds sterling (£) payable per item or quantity of a good or service. For example £/hr of £/mile;
Vehicle	Means any vehicle which the Supplier deploys to undertake a Journey;
Vehicle Base	Means a location operated by the Supplier from which Vehicles are deployed;
Vehicle Solution	Means the Supplier’s solution for the number and types of Vehicles which it will deploy in the provision of the Services, as set out in the Supplier Response and updated from time to time in accordance with the provisions of this Agreement;
Volume Related Payment (VRP)	Means a variable payment made in respect of a volume-related Service, requested by the Authority on a Service Request basis against pre-priced elements.
Volume Related Unit Rates	Unit Rates used for calculation of the Volume Related Payment as specified in the Annexes to this Schedule F (Payment Mechanism).

PART B: INTRODUCTION

1 OVERVIEW

1.1 This Schedule F (*Payment Mechanism*) describes the methods by which the Supplier will be paid for delivery of the Services. The Schedule consists of the following parts (each, a "**Part**"):

PART A	DEFINITIONS, which provides a summary of the definitions of the key financial terms used within this Schedule;
PART B	INTRODUCTION, which provides an overview of this Schedule and its structure;
PART C	PRICING, which provides contract pricing information;
PART D	CHARGING MECHANISMS, which provides information on the timing and arrangements for the charging of Services.
PART E	LIMIT ON SUPPLIER PROFIT MARGIN;
PART F	INDEXATION, which provides information on indexation arrangements and how these should be applied;
PART G	NOT USED;
PART H	CALCULATION OF PAYMENTS, which provides information on the Monthly Service Payment and its components;
PART I	MANAGEMENT SERVICE CHARGE (MS), which provides information on how the Service Charge in respect of this Service Area is calculated;
PART J	(UK) HOLDING ROOMS, which provides information on how the Service Charge in respect of this Service Area is calculated;
PART K	RESIDENTIAL SHORT TERM HOLDING FACILITIES (RH), which provides information on how the Service Charge in respect of this Service Area is calculated;
PART L	JUXTAPOSED CONTROLS (JC), which provides information on how the Service Charge in respect of this Service Area is calculated;
PART M	IN-COUNTRY ESCORTING (ICE), which provides information on how the Service Charge in respect of this Service Area is calculated;
PART N	OVERSEAS ESCORTING (OSE), which provides information on how the Service Charge in respect of this Service Area is calculated;

PART O FAMILY TEAM (FT), which provides information on how the Service Charge in respect of this Service Area is calculated;

PART P IT (IT), which provides information on how the Service Charge in respect of this Service Area is calculated;

PART Q DEMOBILISATION, which clarifies payments in respect of demobilisation;

PART R INVOICING AND PAYMENT TERMS; and

PART S CERTIFICATE OF COSTS.

PART T INDICATIVE RATE CHARGEING AND REVIEW

1.2 For the avoidance of doubt, the Service requirements set out in Schedule D2: Core Services apply to all service areas set out in parts I to P (inclusive) in this Schedule F (*Payment Mechanism*).

1.3 In this Schedule, references to “Paragraphs” and “Annexes” unless the context requires otherwise shall be to the paragraphs of and annexes to this Schedule F (*Payment Mechanism*).

PART C: PRICING

1 APPLICABLE PRICING MECHANISM

1.1. Milestone Payments and Service Charges shall be calculated using the pricing mechanisms specified in Annex E and on the basis of the rates, margins and volumes specified in Annex D, or as more on particularly set out in this Schedule F (*Payment Mechanism*).

1.2. Table 1 of Annex E sets out which pricing mechanism shall be used to calculate Milestone Payments, which shall be by the Guaranteed Maximum Price with Target Cost pricing mechanism and the provisions of Paragraph 2 of this Part C (*Pricing*) shall apply.

1.3. Tables 2A and 2B of Annex E sets out which pricing mechanism shall be used to calculate Service Charges, which shall be by the Fixed Price pricing mechanism.

1.4 The provisions of Paragraph 3 shall apply to Service Charges that are not volume-related. For volume-related Service Charges, the provisions of Paragraph 4 shall apply.

2 GUARANTEED MAXIMUM PRICE WITH TARGET COST MILESTONE PAYMENTS

2.1. Table 1 of Annex E indicates that Milestone Payments are to be calculated by reference to the Guaranteed Maximum Price with Target Cost pricing mechanism. The Target Cost and the Target Price for each Milestone shall be as set out in Table 1.

2.2 If the actual Costs relating to a Milestone are lower than the Target Cost for that Milestone, the difference between the actual costs and the Target Cost shall be distributed in accordance with the provisions of Schedule O (*Service Improvemen*t) (resulting in the Supplier receiving a higher Supplier Profit Margin in relation to that Milestone).

2.3 If the actual Costs relating to a Milestone are greater than the Target Cost for that Milestone, the difference between the actual Costs and the Target Cost shall be borne equally between the Authority and the Supplier (resulting in the Supplier receiving a lower Supplier Profit Margin in relation to that Milestone), provided that the maximum Milestone Payment payable by the Authority for the relevant Milestone shall not exceed an amount equal to the guaranteed maximum price (the "**Guaranteed Maximum Price**") for that Milestone as set out in Table 1 of Annex D.

Represented numerically as follows:

if: AC > TC; and

TP + ((AC - TC)/2) < GMP,

then Milestone Payment = TP + ((AC - TC)/2); or

if: AC > TC; and

TP + ((AC - TC)/2) ≥ GMP,

then Milestone Payment = GMP

where:

AC	is the actual Costs relating to the relevant Milestone or Milestone Group as applicable;
TC	is the Target Cost for the relevant Milestone or Milestone Group as applicable;
TP	is the Target Price for the relevant Milestone or Milestone Group, as applicable; and
GMP	is TP * 1.1, being the Guaranteed Maximum Price for the relevant Milestone or Milestone Group as applicable.

3 FIXED PRICE SERVICE CHARGES

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

3.2. The Parties acknowledge that should the actual Supplier Profit Margin in any Contract Year exceed the average Supplier Profit Margin % set out in Table 2 of Annex D, such profit shall be shared with the Authority in accordance with the provisions of Schedule O (*Service Improvement*).

3.3. Fixed Prices shall not vary based on the level of costs incurred by the Supplier. The Supplier accepts the risk of cost overruns and shall retain the benefit of any savings achieved, subject, where applicable, to the provisions of Schedule O (*Service Improvement*).

3.4. Notwithstanding the provisions of Paragraph 3.3, Charges calculated by reference to the Fixed Price pricing mechanism shall be subject to increase by way of indexation.

3.5. Notwithstanding the provisions of Paragraphs 3.3 and 3.4, Fixed Price charges shall not be amended other than in accordance with the provisions of Schedule L (*Change Control Procedure*).

3.6 With reference to Paragraph 5.3 of Part D (*Charging Mechanisms*) to this Schedule F (*Payment Mechanism*), if a Minimum Viable Product (IT) is not delivered by the date of the Commencement of Full Services (without prejudice to the Authority's other rights and remedies), only 75% of the IT Service Charge (“MSP_{IT}”) will be payable by the Authority pending delivery of a Minimum Viable Product (IT).

3.7 For the avoidance of doubt, the IT Service Charge Payment ("MSP_{IT}") will be reduced by 25% should the event described in Paragraph 3.6 above, occur. The non- delivery of the Minimum Viable Product as at the Commencement of Full Services will also lead to a delay in any Milestone Payment which would otherwise be due in relation to this, as a Milestone Payment cannot be made until the Milestone is delivered. There will be a 3 month grace period with regards to IT Management Service Credits, after which time, the relevant Service Credits will be applied in full as set out in Schedule G (*Performance Evaluation*).

4 FIXED PRICE, VOLUME BASED SERVICE CHARGES

4.1. Where Table 2B of Annex E indicates that a Service Charge is to be calculated by reference to a Volume Based pricing mechanism, the relevant Charge shall be calculated on the basis of the unit costs and mechanisms set out in the appropriate Annex for that Service Charge.

4.2. The Parties acknowledge that should the actual Supplier Profit Margin in any Contract Year in respect of a volume-based Service Charge exceed the average Supplier Profit Margin set out in Table 2 of Annex D, such profit shall be shared with the Authority in accordance with the provisions of Schedule O (*Service Improvement*).

4.3. Unit Rates shall not vary based on the level of Costs incurred by the Supplier. The Supplier accepts the risk of Cost overruns and shall retain the benefit of any savings achieved, subject where applicable to the provisions of Schedule O (*Service Improvement*).

4.4. Notwithstanding the provisions of Paragraph 4.3, Unit Rates shall be subject to increase by way of indexation.

4.5. Notwithstanding the provisions of Paragraphs 4.3 and 4.4, Unit Rates shall not be amended other than in accordance with the provisions of Schedule L (*Change Control Procedure*).

4.6. The Performance Threshold and Collar Mechanism set out in Paragraph 6 of this Schedule F (*Payment Mechanism*) shall apply in respect of the ICE and OSE (chartered and scheduled) Service Areas and shall act to automatically adjust certain Volume Related payments which would otherwise become due, and to vary the applicable Service Levels, as further described in that Paragraph.

4.7. The review provisions set out in Paragraph 6 of this Schedule F (*Payment Mechanism*) shall apply in the event that there is a sustained material change to the number and type of Journeys undertaken by the Supplier during the Term.

5 FIRM PRICE COST TYPES

5.1. Where Table 4.04 entitled ‘Cost Types & Indexation’ indicates that a Cost type shall be calculated by reference to a Firm Price pricing mechanism, then the following provisions shall apply:

5.1.1 Firm Prices shall not vary based on the level of Costs incurred by the Supplier. The Supplier accepts the risk of Cost overruns and the benefit of any savings achieved subject, where applicable, to the provisions of Schedule O (*Service Improvement).*

5.1.2 Charges calculated by reference to the Firm Price pricing mechanism shall not be subject to increase by way of indexation.

5.2 For the avoidance of doubt, “vehicle lease” is the only Cost type based on the Firm Price pricing mechanism.

6 JOURNEY VOLUMES: PERFORMANCE THRESHOLD & COLLAR MECHANISM

6.1 The Supplier is required to complete Journeys successfully in accordance with the requirements of this Agreement, in return for which the Authority will make payments in accordance with this Schedule F (*Pricing Mechanism*).

6.2 The Parties acknowledge that the volume of Detainee Movements which the Supplier will be required to undertake during the Term will fluctuate. The Parties therefore agree that they will apply a "Performance Threshold and Collar Mechanism" to the Charges payable in respect of In-Country Escorting (ICE) and Overseas Escorting (OSE) Services and Charters, as further described in this Paragraph 6.

Initial Baselining Exercise

6.3 If, during the Mobilisation Period, the Authority reasonably believes, based on available updates to the 2016 Journey Data, that an adjustment to the Expected Demand is required, it shall notify the Supplier accordingly.

6.4 Following any notification in accordance with Paragraph 6.3, the Parties, acting in good faith, shall agree to make such adjustments to the Staffing Model and/or the Vehicle Solution as are necessary to enable the Supplier to meet the revised Expected Demand in an economic and efficient manner, in accordance with the terms of this Agreement.

6.5 Any changes to the Staffing Model and/or Vehicle Solution which are agreed by the Parties in accordance with Paragraph 6.4 above shall be implemented in accordance with the provisions of Schedule L (*Change Control Procedure*). As part of the impact assessment for any changes to the Staffing Model and/or Vehicle Solution, the Supplier must notify the Authority of the impact on the Performance Threshold and Collar Mechanism.

Collar Mechanism

6.6 From the relevant Operational Service Commencement Date, the Collar Mechanism shall apply as follows:

- The Collar shall represent a guaranteed minimum payment which will be payable by the Authority to the Supplier for the provision of the In-Country Escorting and the Overseas Escorting (both scheduled and chartered) Service Areas in any given Service Period.

- The intention of the Parties in setting the Collar is to allow the Supplier to recover its Staffing-Related Costs, in the event that the Volume Related Payments (as calculated in accordance with this Schedule F (*Payment Mechanism*) and that relate to staffing costs, which would otherwise be payable in a particular Service Period, would represent a lesser amount.

6.7 In the event that the Cost of Volume Related Payment in respect of ICE Services or OSE Services (scheduled and chartered) during a particular Service Period is

less than the Collar, then a Cost to Collar Payment shall be made in addition to the volumetric payment due under the Volumetric Payment Mechanism in Part M or N (as applicable) of this Schedule F. No margin or mark-up shall be included in, or applied to the Cost to Collar Payment, however any margin which the Supplier has earned in actually providing the relevant Services shall remain payable under the Volumetric Payment Mechanism in Part M or N (as applicable) of this Schedule F.

6.8 From no earlier than 6 months (but no later than 12 months) from the Commencement of Full Services, the Parties shall review the Collar Mechanism to determine whether it should be changed. Any changes must be developed and agreed in accordance with the provisions of Schedule L (*Change Control Procedure*).

Performance Threshold Mechanism

6.9 The Supplier shall use all reasonable endeavours to fulfil all the Service Requests made by the Authority in a particular Service Period, whether by use of overtime, bank staff or otherwise.

6.10 Notwithstanding the provisions of Paragraph 6.9, the Parties recognise that there may be circumstances where the level of demand is such that the Supplier is unable to fulfil all the Service Requests which are made to it. The Parties therefore agree that the Supplier shall be entitled to refuse any Service Requests made in a particular Service Period which would, if fulfilled, take the total number of Detainee Movements made in such Service Period above the Performance Threshold. Any such refusal shall be notified to the Authority by the Supplier as soon as practicable.

6.11 In the event that the Supplier chooses to accept a Service Request for a Detainee Movement which falls above the Performance Threshold then, should any KPI Failure occur in respect of such Journey or Journeys, then the Authority shall not apply Service Credits in respect of such KPI Failure.

6.12 Notwithstanding, the provisions of Paragraph 6.11 above, the Supplier shall engage with the Authority as soon as reasonably practical in the event that it is, or it believes that it is, unlikely to be able to fulfil one or more Service Requests in a given Service Period.

6.13 From no earlier than 6 months (but no later than 12 months) from the Commencement of Full Services, the Parties shall review the Performance Threshold Mechanism to determine whether it should be changed. Any changes must be developed and agreed in accordance with the provisions of Schedule L (*Change Control Procedure*).

Review Provisions during the Term

6.14 In the event that the volume of Journeys required in any 6 month period is such that the provisions of either the Performance Threshold or the Collar Mechanism are applied more than 4 times during that period, then the provisions of Paragraphs 6.15 to 6.20 (inclusive) below shall apply.

6.15 If either of the circumstances set out in Paragraph 6.14 apply, then the Authority and the Supplier shall meet to identify and agree:

- Any revisions to the Expected Demand;
- Any consequential adjustments to the Minimum Staffing Model and/or Vehicle Solution which are required in order for the Supplier to be able to fulfil the revised Expected Demand; and
- Any consequential adjustments to the Collar and the Performance Threshold

6.16 Any changes agreed further to Paragraph 6.15 shall be implemented as soon as possible and in any event no later than the close of the 6th consecutive month after such agreement is reached.

6.17 In exceptional circumstances, when both Parties agree that a material change in the volume of Journeys will be sustained, even though the six-month period referred to in Paragraph 6.14 above has not yet elapsed, they may agree to review the Expected Demand and agree any associated changes to the Staffing Model and/ or the Vehicle Solution, in any event.

6.18 For the purpose of Paragraph 6.17, exceptional circumstances could include (but will not be limited to) any situation where the actual volume of Journeys is less than 75% of the Expected Demand, for two or more months in any consecutive three month period.

6.19 With reference to Paragraphs 6.15 to 6.18 (inclusive), should agreement not be reached, then the Parties shall seek resolution in accordance with Schedule J *(Dispute Resolution Procedure*).

6.20 Any contract changes as noted in this Paragraph shall be subject to the provisions of Schedule L (*Change* Control *Procedure*).

PART D: CHARGING MECHANISMS

1 MILESTONE PAYMENTS

1.1 Schedule B (*Mobilisation & Permit to Operate*) sets out the requirements for Mobilisation and the award of the Permit to Operate. Schedule R (*IT Systems Requirement*) sets out the IT requirements required by the Commencement of Full Services. The Services associated with successfully fulfilling the requirements of both Schedules B and R shall be charged in accordance with the Milestone Payment mechanism.

1.2 For both Mobilisation and IT Services, the Authority and the Supplier shall agree the related Payment Milestones and the associated Milestone Payments for the delivery of an event(s) or phase(s). Such Payment Milestones may be in respect of single Milestones or may comprise one or more Delivery Milestones (a Milestone Group).

1.3 The provisions of Paragraph 1.2 of this Part D of Schedule F (*Payment Mechanism*) notwithstanding, and for the avoidance of doubt, it is the responsibility of the Supplier to schedule Delivery Milestones such that the requirements of Schedule B (*Mobilisation and Permit to Operate*) and Schedule R (*IT Systems Requirement*) are fulfilled.

2 MILESTONE RETENTION

2.1 On the Achievement of a Milestone and following the issue of a Milestone Achievement Certificate, the Supplier shall be entitled to invoice the Authority for the Milestone Payment associated with that Milestone, less the aggregate sum of all applicable Interim Payments and less the applicable Milestone Retention.

2.2 Paragraph 1.2 of Part C (*Pricing*) states that Milestones are to be priced by reference to the Guaranteed Maximum Price with Target Cost pricing mechanism, in which case the applicable Milestone Retention amount shall be 10% of the Target Price for the relevant Milestone.

2.3 For the avoidance of doubt, Milestone Retention is applicable to the Milestones arising from the delivery of the requirements of Schedule R (*IT Systems Requirement*) only and shall not be applied to Milestones arising from the delivery of the requirements of Schedule B (Mobilisation and Permit to Operate).

3 MILESTONE PAYMENTS: SINGLE MILESTONE

3.1 Where a Milestone Payment relates a single Milestone, then the following payment process shall apply:

3.1.1 Upon the issue of the Milestone Achievement Certificate for the relevant Milestone, the Supplier may invoice the Authority for the Target Price for that Milestone, less the aggregate sum of all applicable Interim Payments and less the Milestone Retention. The invoice shall be supported by the Milestone Achievement Certificate.

3.1.2 No later than 10 Working Days after the invoice referred to in Paragraph 3.1.1 has been issued, the Supplier shall submit to the Authority a report setting out the Costs incurred and actual Milestone Payment for the Milestone.

3.1.3 Within 10 Working Days of receipt, the Authority shall review and discuss the contents of the report referred to in Paragraph 3.1.2 with the Supplier. The Supplier will make appropriate personnel and advisers available for this review, during which time any aspects of the report must be explained by the Supplier, with reference to supporting evidence, to the satisfaction of the Authority.

3.1.4 Within 30 Working Days of the receipt of the report referred to in Paragraph 3.1.2, the Authority and the Supplier shall agree the report, or an amended report, as agreed between the Parties. Any issues that remain outstanding shall be subject to the provisions of Schedule J (*Dispute Resolution Procedure*).

3.1.5 Upon agreement, the Supplier shall issue to the Authority a Certificate of Costs with Supporting Documentation, which shall exclude any provisions.

3.1.6 Pursuant to Paragraph 3.1.5, the Supplier shall issue an invoice or credit note to the Authority for the difference between the actual Milestone Payment payable and the Target Price invoiced for the Milestone (in each case after deducting the applicable Milestone Retention), per the requirements of Part C, Section 2 of this Schedule F *(Payment Mechanism)*. The payment document shall be supported by the Certificate of Costs.

3.1.7 Where a credit note is issued to the Authority, the Supplier shall repay to the Authority a sum equal to such difference as a debt within 10 Working Days of issue of the credit note.

3.1.8 Where an invoice is issued to the Authority, any such invoice shall be subject to the provisions of Part R to this Schedule F (*Payment Mechanism*).

4 MILESTONE PAYMENTS: MILESTONE GROUPS

4.1 Where Milestones stated in Table 1 of Annex E constitute a group of Milestones (a Milestone Group), then the following payment process shall apply:

4.1.1 In respect of each Milestone within the Milestone Group and upon the issue of the associated Milestone Achievement Certificate, the Supplier may invoice the Authority for the Target Price for the relevant Milestone, less the aggregate sum of all applicable Interim Payments and less the Milestone Retention. Each invoice shall be supported by the relevant Milestone Achievement Certificate.

4.1.2 No later than 10 Working Days after the issue of the invoice for the final Milestone Payment relating to the Milestone Group, the Supplier shall submit to the Authority a report setting out the Costs incurred and actual Milestone Payments for the Milestone Group, in aggregate.

4.1.3 Within 10 Working Days of receipt, the Authority shall review and discuss the contents of the report referred to in Paragraph 4.1.2 with the Supplier. The Supplier will make appropriate personnel and advisers available for this review, during which time any aspects of the report must be explained by the Supplier, with reference to supporting evidence, to the satisfaction of the Authority.

4.1.4 Within 30 Working Days of receipt of the report referred to in Paragraph 4.1.2, the Authority and the Supplier shall agree the report, or an amended report as agreed between the Parties. Any issues that remain outstanding shall be subject to the provisions of Schedule J (*Dispute Resolution Procedure*).

4.1.5 Upon agreement, the Supplier shall issue to the Authority a Certificate of Costs with Supporting Documentation, which shall exclude any provisions.

4.1.6 Pursuant to Paragraph 4.1.5, the Supplier shall then issue an invoice or credit note to the Authority for the difference between the actual Milestone Payments payable and the Target Prices invoiced for the Milestone Group (in each case, after deducting all Milestone Retentions relating to the Milestone Group), per the requirements of Part C, Section 2 of this Schedule F *(Payment Mechanism)*. The payment document shall be supported by the Certificate of Costs.

4.1.7 Where a credit note is issued to the Authority, the Supplier shall repay to the Authority a sum equal to such difference as a debt within 10 Working Days of issue of the credit note.

4.1.8 Where an invoice is issued to the Authority, any such invoice shall be subject to the provisions of Part R to this Schedule F (*Payment Mechanism*).

4.1.9 If the Supplier does not repay any such sum as is referred to in Paragraph 3.1.7 or 4.1.7 within 10 Working Days of issue of the relevant credit note, it shall repay such sum together with interest on such sum 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.

4.1.10 Following the issue of a Certificate of Costs in accordance with Paragraphs 3.1.5 and 4.1.5, the Supplier shall not be entitled to invoice the Authority for any additional charges relating to the Milestone or Milestone Group (as applicable).

5 RELEASE OF MILESTONE RETENTIONS

5.1 On achievement of a CPP Milestone, the Supplier shall be entitled to invoice the Authority for an amount equal to all Milestone Retentions that relate to that Milestones or Group of Milestones, as set out in Table 1 of Annex E and in accordance with Paragraph 5.2 below.

5.2 The CPP Milestone date is the later of:

5.2.1 6 months from the date of the Commencement of Full Services; or

5.2.2 on provision of a Minimum Viable Product (IT).

5.3 If a Minimum Viable Product (IT) is not delivered by the date of the Commencement of Services, only 75% of the IT Service Charge will be payable by the Authority pending delivery of a Minimum Viable Product (IT).

6 INTERIM PAYMENTS

6.1 The provisions of Paragraphs 3 and 4 of this Part D notwithstanding, the Supplier may invoice the Authority for Interim Payment(s) in respect of each Milestone.

6.2 In respect of each Milestone and before any Milestone is due to commence, the Supplier will present a schedule of Interim Payments in respect of any Milestone for the approval of the Authority. The Authority and the Supplier shall use their best endeavors to agree any such schedule and the Authority may not withhold its approval unreasonably.

6.3 Interim Payments may be invoiced in monthly intervals, or longer, as the circumstances dictate.

6.4 The total sum for any one Interim Payment may not exceed 15% of the Target Cost for that Milestone. The aggregate sum of all interim payments applicable to any one milestone may not exceed seventy-five per cent (75%) of the Target Cost for that milestone.

6.6 Where an invoice is issued to the Authority, any such invoice shall be subject to the provisions of Part R to this Schedule F (*Payment Mechanism*).

6.7 For the avoidance of doubt, no interim payments may be invoiced without the prior approval of the Authority.

7 SERVICE CHARGES

7.1 Each Service to which a Service Charge relates shall commence on the achievement of the Service Charge Trigger Event as set out in Table 2A or Table 2B of Annex E, this trigger event being the commencement of the respective service.

7.2 If a Service:

7.2.1 Commences on a day other than the first day of a month; and/or

7.2.2 Ends on a day other than the last day of a month,

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

7.3 Service Charges shall be invoiced by the Supplier for each Service Period in arrears in accordance with the requirements of Part R to this Schedule F (*Payment Mechanism*).

7.4 Service Credits that accrue during a Service Period shall be determined in accordance with the provisions of Schedule G (*Performance Evaluation*). Upon determination, the Supplier shall issue a credit note to the Authority equal to the aggregate value of the Service Credits agreed for that Service Period.

7.5 The Supplier shall repay to the Authority a sum equal to the value of the credit note as a debt within 10 Working Days of issue of the credit note.

8 CHANGES TO CHARGES

8.1 Any Changes to the Charges shall be developed and agreed by the Parties in accordance with the provisions of Schedule L (*Change Control Procedure*) and on the basis that the Supplier Profit Margin on such Charges shall be no greater than the Profit Margin for the Service to which the Change relates, as set out in Table 2 of Annex D.

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

9 REIMBURSABLE EXPENSES

9.1 Reimbursable Expenses form part of the Supplier’s cost base, and in most instances are only reimbursable to the extent that the Supplier has included an element of these costs into the rates chargeable under this Agreement.

9.2 The Authority shall not make any additional and specific payments in respect of Reimbursable Expenses unless this Schedule F (Payment Mechanism) specifically states that Reimbursable Expenses are payable by the Authority. Where additional and specific payments of Reimbursable Expenses are permitted under the terms of this Agreement then these shall be limited to receipted expenses, and shall be payable in accordance with the Authority Reimbursable Expenses policy and any stipulations of this Schedule F (Payment Mechanism). Any payment due shall be paid on a Pass -Through Cost basis.

PART E: LIMIT ON SUPPLIER PROFIT MARGIN

1 OVERVIEW

1.1 The Supplier acknowledges that the Supplier Profit Margin achieved over the Term (excluding any Gain Share or other Service Improvement Payments to which the Supplier would be entitled in addition to Supplier Profit Margin) shall not exceed the average bid margin across all Service Areas, as stated in Table 2 of Annex D and in accordance with the provisions of Schedule G (*Performance Evaluation* and Service Availability).

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

PART F: INDEXATION

1 INDEXATION: OVERVIEW

1.1 Table 4.04 (Cost Types and Indexation) of the Financial Pricing Model sets out the cost types and the relevant index which shall apply to each. In summary, indexation is applied as follows:

1.1.1 [redacted]

1.1.2 [redacted]

1.1.3 [redacted]

1.1.4 [redacted]

1.2 For the avoidance of doubt, the Costs and applicable indices set out in table 4.04 (Cost Types and Indexation) in the Financial Pricing Model shall be authoritative.

2 INDEXATION: PROCESS

2.1 The Monthly Service Charges as stated in sections I to Q inclusive for each of the Service Areas shall be payable from the Commencement of Full Services until the first Indexation Review Date.

2.2 NOT USED

2.3 The first Indexation Review Date shall be the Commencement of Full Services and subsequent review dates shall be each anniversary of this date thereafter.

2.4 The applicable Indexation adjustment shall be measured by changes in the relevant published index for that Contract Year. The amount, sum or rate at a point in time will then be adjusted by application of the following formula:

$$AM_I = (AM_U \times Index_N / Index_{(N-1)})$$

Where:

AM_I is the indexed amount, sum or rate for the relevant Contract Year;

AM_U is the unindexed amount, sum or rate for the relevant Contract Year. This shall be the amount, sum or rate at the commencement of the relevant Contract Year (which shall be inclusive of all indexation uplifts up to and including Contract Year (N-1));

$Index_N$ is the value of the index published for the month three months prior to the date at which indexation is being applied; and

$Index_{(N-1)}$ for all indexation review dates other than the First Indexation

Review Date, is the value of the index published for the month three months prior to the date of the commencement of the relevant Contract Year. For the First Indexation Review Date this shall be the published index for February 2017.

2.5 For the avoidance of doubt, for amounts, sums or rates which comprise of various different cost elements, as set out in the Financial Pricing Model, which are subject to different indexation rates, as set out in Paragraph 1.1 of this Part F, then the formula set out in Paragraph 2.4 of this Part F will be applied separately to each individual cost element and the indexed values will then be recombined to create the indexed amount, sum or rate.

2.6 Except as set out in this Paragraph 2, 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.

PART G: NOT USED.

PART H: CALCULATION OF PAYMENTS

1 OVERVIEW

1.1 The total Monthly Service Payment payable to the Supplier shall be calculated in accordance with the following equation:

$$MSP = MSP_{MS} + MSP_{HR} + MSP_{RH} + MSP_{JC} + MSP_{ICE} + MSP_{OSE} + MSP_{FT} + MSP_{IT}$$

Where:

MSP	is the total Monthly Service Payment payable in respect of the Services;
MSP_{MS}	is the Monthly Service Payment payable in respect of the Management Service Area;
MSP_{HR}	is the Monthly Service Payment payable in respect of the Holding Rooms Service Area;
MSP_{RH}	is the Monthly Service Payment payable in respect of the Residential Short Term Holding Facilities Service Area;
MSP_{JC}	is the Monthly Service Payment payable in respect of the Juxtaposed Controls Service Area;
MSP_{ICE}	is the Monthly Service Payment payable in respect of the In-Country Escorting Service Area;
MSP_{OSE}	is the Monthly Service Payment payable in respect of the Overseas Escorting Service Area; and
MSP_{FT}	is the Monthly Service Payment payable in respect of the Family Team; and
MSP_{IT}	is the Monthly Service Payment payable in respect of the IT Service Area.

1.2 The Monthly Service Payment for each service area shall be calculated in accordance with Paragraph 2.1 below.

1.3 Payments in respect of Part P (*Demobilisation*) shall be made as and when agreed with the Authority.

2 CALCULATION OF THE MONTHLY SERVICE CHARGE (MSC_N)

2.1 The Monthly Service Payment payable in respect of any Contract Month "N" in respect of each of the Service Areas set out in Parts I to P (inclusive) below shall be calculated in accordance with the following formula;

$$MSP_N = MSC_N + VRP_N + PTC_N + SIP_N - SC_{(N-1)}$$

Where:

MSP_N	is the Monthly Service Payment for the Contract Month "N" for the Service Area to which the formula is to be applied;
MSC_N	is the Monthly Service Charge (if any) for the relevant Service Area which is applicable to the relevant Contract Month “N”;
VRP_N	is the sum of Volume-Related Payments (if any) based on Authority-requested Services, in accordance with the pre-agreed unit rates specified for that specific Service Area;
PTC_N	are the Pass-Through Costs (if any) reimbursable for the relevant Service Area;
SIP_N	is the amount payable to the Supplier in respect of Service Improvement Payments (if any) for the relevant Service Area;
$SC_{(N-1)}$	is the amount receivable (monthly in arrears) by the Authority in respect of Service Credits (if any) for the relevant Service Area; and

2.2 The Monthly Service Charge for any Service for any Contract Month ‘N’ shall be that amount set out in the Financial Pricing Model for that Service for the relevant month.

3 CALCULATION OF VOLUME RELATED PAYMENTS (VRP_N)

3.1 With reference to Paragraph 4.1 of Part C (*Pricing*), where Table 2B of Annex E indicates that a Service Charge is to be calculated by reference to a volume based pricing mechanism, the relevant Charge shall be calculated on the basis of the unit costs and mechanisms set out in the appropriate Annex for that Service Charge

4 CALCULATION OF PASS-THROUGH COSTS (PTC_N)

4.1 The Supplier shall procure certain goods and/or Services relating to the provision of the Services on a pass-through, all-inclusive basis as set out in the relevant parts of this Schedule F (*Payment Mechanism*). The **PTC_N** for each Service Area are specified in the relevant part.

4.2 In addition, the Authority may seek to agree other items with the Supplier which shall be treated on a pass-through, all -inclusive basis.

4.3 For the avoidance of doubt, the Authority shall reimburse **PTC_N** on the basis of the verified purchase price without any additional charges, overheads or mark-ups.

5 CALCULATION OF SERVICE CREDITS (SC_N)

5.1 **SC_N** are a reduction of the Service Charges payable in respect of the relevant Services to reflect the reduced value of the Services actually received.

5.2 **SC_N** shall be applied by the Authority to the relevant Monthly Service Payment in respect of:

5.2.1 Service Failures accrued in any one Service Period pursuant to the provisions of Schedule G (*Performance Evaluation and Service Unavailability*); and

5.2.2 Unavailability, as set out in Paragraph 9 of Schedule G (*Performance Evaluation and Service Unavailability*).

5.3 For each Service Period:

5.3.1 The aggregate **SC_N** value to be deducted in respect of Service Failures is calculated by reference to the values assigned to Service Failures as set out in Paragraph 6 of Schedule G (*Performance Evaluation and Service Unavailability*);

5.3.2 The maximum aggregate of all **SC_N** in respect of Service Failures redeemable from any one Contract Month's Monthly Service Payment is equivalent to one hundred per cent (100%) of the aggregate bid margin across all Service Areas A (the "**Service Credit Cap**"). For the avoidance of doubt, the Service Credit Cap is set at a total contract level and not at a Service Area level;

5.3.3 In instances of Unavailability, the Unavailability Service Credit to be deducted shall be calculated in accordance with Paragraph 4.2 of the appropriate Part to this Schedule F (*Payment Mechanism*).

5.3.4 For the avoidance of doubt, there shall be no limit on **SC_N** payable in respect of Unavailability, and such **SC_N** shall not count towards the Service Credit Cap; and

5.3.5 Pursuant to the provisions of Schedule G (*Performance Evaluation and Service Unavailability*), **SC_N** payable in respect of Critical Service Failures are not included within and shall not count towards the Service Credit Cap.

5.4 The operation of the Service Credit Cap referenced in Paragraph 5.4.2 shall not affect the continued accrual of **SC_N** in excess of such financial limits in accordance with the provisions of Schedule G (*Performance Levels and Service Unavailability*).

5.5 In accordance with the provisions of Schedule G (*Performance Evaluation and Service Unavailability),* the Supplier shall be liable for Service Failures which

arise as a result of joint working.

6 CALCULATION OF SERVICE IMPROVEMENT PAYMENTS

6.1 Service Improvement Payments are only due where benefits have been received by the Authority in accordance with the provisions of Schedule O (*Service Improvement*) and with any specific business cases and/or contract change notices agreed by the Authority. For the avoidance of doubt, the Authority shall have the final decision in relation to the proportion of the benefits realised and payable to the Supplier.

6.2 Service Improvement Payments shall be categorised as either:

6.2.1 Contract Service Improvement Payments (CSIP) arising from, for example, a reduction in the cost of mobilisation or a reduced cost in the delivery of any Service or the Services; or

6.2.2 Continuous Improvement Payments (CIP), being other efficiencies not classified as CSIP.

6.3 The monthly Service Improvement Payment will be calculated as follows:

$SIP = CSIP_{MOB} + CSIP_{ASC} + CIP$

Where:

SIP is the amount payable to the Supplier in respect of Service Improvement Payments;

$CSIP_{mob}$ is the amount payable in respect of reductions in the cost of mobilisation to the Authority.

$CSIP_{ASC}$ is the amount payable in respect of reductions in the annual Service Charge for any Service or the Services, including the Management Service Charge (MS); and

CIP is the amount payable in respect of other efficiencies.

6.4 Such payments shall only become due once benefits have been substantially realised and all rights under this Paragraph shall be lost on the expiry or earlier termination of the Contract.

6.5 For the avoidance of doubt, the provisions of Schedule O (Service Improvement) shall take priority over this Paragraph 6 of Part H of Schedule F (*Payment Mechanism*).

7 CALCULATION OF GAIN SHARE PAYMENTS

7.1 In the event that the Supplier identifies, or is party to, an initiative or process that

delivers a tangible benefit arising from Service Innovations as detailed in Schedule H (*Innovation and Partnership Agreement*), the Authority shall pay an amount agreed in accordance with the provisions of Schedule H (*Innovation and Partnership Agreement*). For the avoidance of doubt, the Authority shall have the final decision in relation to the proportion of the benefits realised and payable to the Supplier.

7.2 Such payments shall only become due once benefits have been substantially realised and paid in accordance with the agreement reached between the parties for that service innovation, under Schedule H (*Innovation and Partnership Agreement*). All rights under this paragraph shall be lost on the expiry or early termination of the Agreement.

PART I: MANAGEMENT SERVICE (MS)

1 MONTHLY SERVICE CHARGE (MSC_{MS})

1.1 The Monthly Service Charge (MSC_{MS}) for the Management Service Area shall apply in respect of all Services specified under Schedule D1 (*Management Services*) to this Contract.

1.2 Table 1 of Annex G summarises the total price for the Management Service Area.

1.3 The Monthly Service Charge (MSC_{MS}) payable in respect of the Management Services Service Area for any Contract month "N" shall be that amount set out in the Financial Pricing Model for that Service for the relevant month.

2 VOLUME-RELATED PAYMENTS (VRP_{MS})

2.1 No volume-related elements have been identified in respect of the Management Services Service Area. However, the Authority reserves the right to introduce Volume-Related Payments (VRP_{MS}) in the future in order to facilitate additional volume-related requirements, subject to the provisions of Schedule L (*Change Control Procedure*).

3 PASS-THROUGH COSTS (PTC_{MS})

3.1 No **PTC_{MS}** have been identified in respect of the Management Services Service Area. However, the Authority reserves the right to introduce such costs in the future in order to facilitate additional pass-through requirements subject to the provisions of Schedule L (*Change Control Procedure*).

4 SERVICE CREDITS (SC_{MS})

4.1 **SC_{MS}** shall be calculated in accordance with the provisions of paragraph 4 of Part H to this Schedule F (*Payment Mechanism*).

4.2 In instances of Unavailability, the Unavailability Service Credit (SC_U) to be deducted shall be calculated in accordance with the following formula:

$$SC_U = (MSC_{MS} \times HRS_U \times 120\%) / (30 \times 24)$$

Where:

SC_U is the Service Credit applicable in respect of the Unavailability Event;

MSC_{MS} is the Monthly Service Charge for the Management Service, as applicable; and

HRS_U is the period of time in hours for which the Unavailability subsists.

5 SERVICE IMPROVEMENT PAYMENTS (SIP_{MS})

5.1 SIP_{MS} payments shall be calculated in accordance with the provisions of Paragraph 6 of Part H to this Schedule F (*Payment Mechanism*).

PART J: (UK) HOLDING ROOMS

1 MONTHLY SERVICE CHARGE (MSC_{HR})

1.1 Subject to Paragraphs 2 and 3 below, the **MSC_{HR}** for the (UK) Holding Rooms Service Area shall be payable in respect of delivery of all Services specified under Schedule D5 (*Holding Rooms*) to this Contract.

1.2 Annex H summarises the total price for the (UK) Holding Rooms Service Area, including any unit rates applicable.

1.3 The **MSC_{HR}** payable in respect of the (UK) Holding Rooms Service Area for any contract month "N" shall be that amount set out in the Financial Pricing Model for that Service for the relevant month.

2 VOLUME-RELATED PAYMENTS (VRP_{HR})

2.1 The following elements of the Service have been identified as being volume-related and therefore **VRP_{HR}** payments are payable in respect of them, in accordance with the relevant unit costs specified in Annex H:

2.1.1 provision of Ad-Hoc Holding Rooms as requested; and

2.1.2 additional staff requirement.

2.2 The provision and staffing of Ad-Hoc Holding Rooms shall be made on a Service Request basis by the Authority. **VRP_{HR}** payments shall be made to the Supplier based on the relevant Holding Room Rate, specified in Table 3 of Annex H, and the period of time which the Authority wishes a particular holding room to be available.

2.3 The provision of additional Supplier Personnel shall be made on a Service Request basis by the Authority. Payments shall be made to the Supplier based on the relevant staff rates (Unit Cost), specified in Table 4 of Annex H, and the number of hours, or part thereof, which the Authority wishes the additional resource to be available.

2.4 The Authority reserves the right to introduce further **VRP_{HR}** payments in order to facilitate additional volume-related requirements in the future, subject to the provisions of Schedule L (*Change Control Procedure*).

3 PASS-THROUGH COSTS (PTC_{HR})

3.1 The following elements of the Service have been classified as pass-through and, as such, the costs are recoverable as a PTC_{HR} Payment:

3.1.1 prescriptions and other Detainee medical consumables;

3.1.2 excess baggage costs;

3.1.3 destitute payments; and

3.1.4 emergency clothing for Detainees.

3.2 The Authority reserves the right to introduce further PTC_{HR} payments in order to facilitate additional requirements in the future.

4 SERVICE CREDITS (SC_{HR})

4.1 SC_{HR} shall be calculated in accordance with the provisions of paragraph 4 of Part H to this Schedule F (*Payment Mechanism*).

4.2 In instances of Unavailability, the Unavailability Service Credit (SC_{U}) to be deducted shall be calculated in accordance with the following formula:

$SC_U = (MSC_{HR} \times HRS_U \times 120\%) / (30 \times 24)$

Where:

SC_U is the Service Credit applicable in respect of the Unavailability Event;

MSC_{HR} is the Monthly Service Charge for the (UK) Holding Rooms, as applicable; and

HRS_U is the period of time in hours for which the Unavailability subsists.

5 SERVICE IMPROVEMENT PAYMENTS (SIP_{HR})

5.1 **SIP_{HR}** payments shall be calculated in accordance with the provisions of Paragraph 5 of part H to this Schedule F (*Payment Mechanism*).

6. DRUMKEEN HOUSE

6.1 The provision of Ad-Hoc Holding Room services at Drumkeen House for the initial 6 to 9 months after Commencement of Full Service is subject to the provisions of Part T of this Schedule F (*Payment Mechanism*)

PART K: RESIDENTIAL SHORT TERM HOLDING FACILITIES (RH)

1 MONTHLY SERVICE CHARGE (MSC_{RH})

1.1 Subject to Paragraphs 2 and 3 below, the **MSC_{RH}** charge for the Residential Short Term Holding Facilities Service Area shall be payable in respect of delivery of all Services specified under Schedule D6 (*Residential Short Term Holding Facilitys*) to this Contract.

1.2 Annex I summarises the total price for the Residential Short Term Holding Facilitys Service Area, including any unit rates applicable.

1.3 The **MSC_{RH}** charge payable in respect of the Residential Short Term Holding Facilities Service Area for any contract month "N" shall be that amount set out in the Financial Pricing Model for that service for the relevant month.

2 VOLUME-RELATED PAYMENTS (VRP_{RH})

2.1 No volume-related elements have been identified in respect of the Short Term Holding Rooms Service Area. However, the Authority reserves the right to introduce **VRP_{RH}** payments in the future in order to facilitate additional volume-related requirements, subject to the provisions of Schedule L (*Change Control Procedure*).

3 PASS-THROUGH COSTS (PTC_{RH})

3.1 The following elements of the Service have been classified as PTC_{RH} and, as such, costs are redeemable as a PTC_{RH} payment:

3.1.1 travel warrants

3.1.2 prescriptions and other Detainee medical consumables; and

3.1.3 emergency clothing for Detainees.

3.2 The Authority reserves the right to introduce further PTC_{RH} payments in order to facilitate additional requirements in the future, subject to the provisions of Schedule L (*Change Control Procedure*).

4 SERVICE CREDITS (SC_{RH})

4.1 SC_{RH} shall be calculated in accordance with the provisions of paragraph 4 of Part H to this Schedule F (*Payment Mechanism*).

4.2 In instances of Unavailability, the Unavailability Service Credit (SC_{U}) to be deducted shall be calculated in accordance with the following formula:

$SC_U = (MSC_{RH} \times HRS_U \times 120\%) / (30 \times 24)$

Where:

SC_U Is the Service Credit applicable in respect of the Unavailability Event;

MSC_{MS} Is the Monthly Service Charge for the Regional Short Term Holding Rooms, as applicable; and

HRS_U is the period of time in hours for which the Unavailability subsists.

5 SERVICE IMPROVEMENT PAYMENTS (SIP_{RH})

5.1 **SIP_{RH}** payments shall be calculated in accordance with the provisions of paragraph 5 of part H to this Schedule F (*Payment Mechanism*).

PART L: JUXTAPOSED CONTROLS (JC)

1. MONTHLY SERVICE CHARGE (MSC_{JC})

1.1 The **MSC_{JC}** charge for the Juxtaposed Controls Service Area shall apply in respect of all Services specified under Schedule D7 (Juxtaposed Controls) to this contract.

1.2 Annex J summarises the total price for the Juxtaposed Controls Service Area, including any unit rates applicable.

1.3 The **MSC_{JC}** payable in respect of the Juxtaposed Controls Service Area for any contract month "N" shall be that amount set out in the financial pricing model for that Service for the relevant month.

2 VOLUME RELATED PAYMENTS (VRP_{JC})

2.1 The provision of additional staff in order to assist operations in the Juxtaposed Controls has been identified as a possible volume-related service. If requested, **VRP_{JC}** payments in relation to such additional staff shall be made in accordance with the relevant unit costs specified in the Tables in Annex J to this Schedule F (*Payment Mechanism*).

2.2 No other volume-related elements have been identified in respect of the Juxtaposed Controls Service Area. However, the Authority reserves the right to introduce **VRP_{JC}** payments in order to facilitate additional volume-related requirements in the future, subject to the provisions of Schedule L (*Change Control Procedure*).

2.3 The following provisions shall apply with regard to the provision of additional labour at the Juxtaposed Controls:

2.3.1 an hourly rate is applied for all additional hours of Service requested by the Authority and carried out by the Supplier’s staff who are present at the Juxtaposed Controls;

2.3.2 for the staff deployed in accordance with Paragraph 2.3.1, a fixed charge shall be payable for the first 8 hours of service for all staff not in position (that is, travelling from the UK mainland), with an hourly rate being applied thereafter.

2.3.3 the fixed charge for the first 8 hours is calculated as follows: (The (hourly rate)) x 8.

2.3.4 the Supplier shall provide such evidence as the Authority may reasonably require to demonstrate why additional staff, over and above the staff who are already in position at the Juxtaposed Controls are required.

2.3.5 the hourly rate to be applied shall be as set out in Annex J of Schedule F.

3 PASS THROUGH COSTS (PTC_{JC})

3.1 The following elements of the service have been classified as **PTC_{JC}** costs and, as such, are redeemable as a **PTC_{JC}** cost payment:

3.1.1 prescriptions and other Detainee medical consumables; and

3.1.2 emergency clothing for Detainees;

3.2 The Authority reserves the right to introduce further PTC $_{JC}$ payments in order to facilitate additional requirements in the future, subject to the provisions of Schedule L (*Change Control Procedure*).

4 SERVICE CREDITS (SC_{JC})

4.1 SC_{JC} credits shall be calculated in accordance with the provisions of paragraph 4 of Part H to this Schedule F (*Payment Mechanism*).

4.2 In instances of Unavailability, the Unavailability Service Credit ($SC_{U)}$ to be deducted shall be calculated in accordance with the following formula:

$SC_U = (MSC_{JC} \times HRS_U \times 120\%) / (30 \times 24 \times 4)$

Where:

SC_U Is the Service Credit applicable in respect of the Unavailability Event;

MSC_{HR} Is the Monthly Service Charge for the Juxtaposed Controls (JC); and

HRS_U is the period of time in hours for which the Unavailability subsists.

5 SERVICE IMPROVEMENT PAYMENTS (SIP_{JC})

5.1 **SIP_{JC}** payments shall be calculated in accordance with the provisions of paragraph 5 of Part H to this Schedule F (*Payment Mechanism*).

PART M: IN-COUNTRY ESCORTING

1 MONTHLY SERVICE CHARGE (MSC_{ICE})

1.1 There shall be no **MSC_{ICE}** payable in respect of the In-Country Escorting (ICE) Service Area. The ICE Service shall be provided purely in response to individual Service Requests and Volume Related Payments shall apply as set out in Paragraph 2 below.

1.2 Annex K summarises the unit rates applicable to the ICE Service Area.

2 VOLUME RELATED PAYMENTS (VRP_{ICE})

2.1 OVERVIEW

2.1.1 The calculation of **VRP_{ICE}** payments relating to ICE shall be made primarily on a Journey by Journey basis. Additional payments shall also be made for requirements such as additional escort staff and/or medical escort staff (as may be required from time to time by request from the Authority) and to perform Ad-Hoc Guarding Services such as court watches, special operations and bed guarding, as may be required.

2.1.2 The **VRP_{ICE}** payment per Journey shall be calculated in accordance with Paragraph 2.2 below.

2.1.3 The **VRP_{ICE}** payment relating to Additional Services shall be calculated in accordance with Paragraph 2.3 below.

2.2 CALCULATION OF PAYMENT PER JOURNEY

2.2.1 All Journeys shall be provided on a Service Request basis.

2.2.2 The Supplier shall then use all reasonable endeavours to optimise the deployment of its resources in such a way as to minimise the cost of the service by:

2.2.2.1 reducing the overall miles travelled for each Journey; and/or

2.2.2.2 reducing the overall hours taken for each Journey; and

2.2.2.3 increasing the occupancy rates within the Vehicles deployed.

2.2.3 The following arrangements shall apply:

2.2.3.1 for a successfully completed Journey, the Supplier shall be paid in accordance with the predetermined matrix of journeys and associated Journey times set out in Table 1 of Annex M (the "**Matrix**");

2.2.3.2 the relevant rate for the specified Journey shall be that rate listed in the Matrix. This rate shall apply irrespective of the actual Journey time taken;

2.2.3.3 the Journey rate for any Journey shall be the predetermined Journey duration provided by the Authority multiplied by the Supplier's hourly rate as set out in Table 1 of Annex K;and

2.2.3.4 for the avoidance of doubt, the Supplier's hourly rate, as set out in Table 1 of Annex K, should provide for the following costs only:

a) escorting personnel costs;

b) waiting time estimates;

c) Vehicle costs, excluding Vehicle leases; and

d) other miscellaneous Vehicle-related costs incurred in the delivery of the ICE Service Area.

Any such rate should exclude any provision for all other ICE services, including, inter alia, court watches, bed watches and special operations, for which the Schedule F (*Payment Mechanism*) provides alternative pricing mechanisms.

2.2.3.5 For the further avoidance of doubt, the same hourly rate is applied to each and every Journey and is therefore irrespective of the number of Detainees carried on board a Vehicle undertaking the Journey. The Supplier shall use all reasonable endeavours to ensure efficient and effective use of Vehicles and to minimise the number of Journeys where a single Detainee is transported.

2.2.3.6 Either Party may propose changes to the Matrix to correct any instances of manifest error or to include in the Matrix a new Journey which has not previously been identified (including, without limitation, a new Journey which has been identified, following changes to the Authority's detention estate). Any such changes shall be agreed in accordance with the provisions of Schedule L (*Change Control Procedures*). In the case of a new Journey, when agreeing the Matrix entry for that Journey, the Parties shall take account of any existing Journeys which are similar to the new one, in terms of their start and finish points.

2.2.3.7 The following arrangements shall apply in instances when a Journey is changed or cancelled by the Authority:

2.2.3.7.1 pre-deployment, that is, any time before an escort(s) and/or a Vehicle(s) has been actually despatched to fulfil a Service Request, payment for cancellation shall be made in accordance with the cancellation rates set out in Table 5 in Annex K; and

2.2.3.7.2 post-deployment, that is, either;

a) any time between the Vehicle being been dispatched, but

before a Detainee(s) has been taken into custody by the Supplier's ICE Escort(s) and the Vehicle has left the pick-up point to fulfil the Service Request where no charge is payable in accordance with the principles set out in Annex N, or

b) any time after a Detainee(s) has been taken into custody by the Supplier's ICE Escort(s) and the Vehicle has left the pick-up point to fulfil the Service Request, where the Supplier shall be paid for the hours utilised in accordance with the principles set out in Annex N and the Journey rates and hourly rates set out in Annex M and Table 1 of Annex K respectively.

2.2.3.7.3 for the avoidance of doubt, and in respect of Journey changes and cancellations post-deployment, the chargeable hours payable to the Supplier shall be such that the Authority derives best value for money from the payment arrangement.

2.2.3.8 For instances where a Journey has not been successfully completed (that is, where the Detainee has not been moved in accordance with the requirements of the relevant Service Request and the reason for the unsuccessful move is attributable to a failure by the Supplier), then no payment shall be due.

2.2.3.9 For the avoidance of doubt, no payment shall be due for any Journey or hours utilised for which a Detainee is not on board the Vehicle.

2.2.3.10 For the avoidance of doubt, the hourly rate includes provision for the cost implications of Paragraphs 2.2.3.8 and 2.2.3.9.

2.3 OTHER VOLUME-RELATED PAYMENTS

2.3.1 The following elements of the Service have been identified as being volume-related and such Volume Related Payments are payable in accordance with the relevant unit cost specified in Annex K and the number of hours or part thereof that the additional resource is required, following a request for the same by the Authority for:

2.3.1.1 cancellation of instructed Journeys prior to deployment

2.3.1.2 additional staff;

2.3.1.3 bed guarding;

2.3.1.4 court watches;

2.3.1.5 special operations; and

2.3.1.6 property and passport collections and similar requests.

2.3.2

2.3.3 The Authority may request that the Supplier provides additional Supplier Personnel, including DCOs and medical escort staff, in support of ICE operations at any time. In such instances, the Authority shall pay an amount equal to the hours worked or part thereof, by the additional Supplier Personnel, multiplied by the relevant hourly rate as specified in Table 2 of Annex K.

2.3.4 Bed guarding activity shall be reimbursed in accordance with the following arrangements:

2.3.4.1 All Journeys undertaken on which a Detainee(s) is carried will be reimbursed in accordance with the principles of Paragraph 2.2 of this Part M. In all other instances, reimbursement shall be calculated in accordance with the following principles:

2.3.4.1.1 Staff journey time from the nearest vehicle base (irrespective of the home base of the staff assigned) to the hospital; plus

2.3.4.1.2 Staff time expended on bed guarding duty; plus

2.3.4.1.3 Staff journey time to return to the nearest vehicle base (irrespective of the home base of staff assigned); plus

2.3.4.1.4 Fuel expended, reimbursed at the rate specified in Table 4 of Annex K.

2.3.4.1.5 Any parking charges incurred should be invoiced and paid as a pass through cost.

2.3.4.2 For instances in which a shift pattern is implemented, handover time shall be capped at 30 minutes. That is, the Supplier may only charge for a maximum of 30 minutes for each escort to carry out a handover of bed guarding duties on site.

2.3.5 Court watch activity shall be reimbursed in accordance with the following arrangements:

2.3.5.1 Journeys undertaken on which a Detainee(s) is carried will be reimbursed in accordance with the principles of Paragraph 2.2 of this Part M. In addition to the Journey costs, reimbursement shall be calculated in accordance with the following principles:

2.3.5.1.1 Staff time expended on court watch duty at the court location; plus

2.3.5.1.2. Any parking charges incurred which should be invoiced and paid as a pass through cost.

2.3.5.2 In the event that only one Detainee is being escorted and that Detainee is released direct from court resulting in no Detainee being carried on the return journey, then reimbursement for the return Journey shall be calculated in accordance with the following principles:

2.3.5.1.3 Staff journey time to return to the nearest vehicle base (irrespective of the home base of staff assigned); plus

2.3.5.1.4 Fuel expended, reimbursed at the rate specified in Table 4 of Annex K.

2.3.6 For those activities designated as special operations, reimbursement shall be made in accordance with the following arrangements:

2.3.6.1 All Journeys undertaken on which a Detainee(s) is carried will be reimbursed in accordance with the principles of Paragraph 2.2 of this Part M. In all other instances, reimbursement shall be calculated in accordance with the following principles:

2.3.6.1.1 Staff journey time from the nearest Vehicle Base (irrespective of the home base of the staff assigned) to the activity location; plus

2.3.6.1.2 Staff time expended on the activity; plus

2.3.6.1.3 Staff journey time to return to the nearest Vehicle Base (irrespective of the home base of staff assigned); plus

2.3.6.1.4 Fuel expended, reimbursed at the rate specified in Table 4 of Annex K.

2.3.6.1.5 Any parking charges incurred should be invoiced and paid as a pass through cost.

2.3.6.2 For the avoidance of doubt, all special operations will be planned and priced on a case by case basis, as the price of each operation is dependent upon the resources expended on that operation. However, all such prices will be calculated by reference to the contractual rates set out in Annex K to this Schedule F (*Payment Mechanism*).

2.3.7 Property moves, passport collections and similar requests shall be reimbursed in accordance with the provisions of Paragraph 2.2.3 of this Part M (except for Paragraph 2.2.3.9, which shall not apply for the purposes of this paragraph).

2.3.8 The Authority reserves the right to introduce further payments in order to facilitate additional requirements in the future, subject to the provisions of Schedule L (*Change Control Procedure*).

3 PASS-THROUGH COSTS (PTC_{ICE})

3.1 The following elements of the service have been classified as **PTC_{ICE}** costs and, as such, costs are redeemable as a **PTC_{ICE}** cost payment:

3.1.1 medical equipment;

3.1.2 parking;

3.1.3 congestion charges;

3.1.4 emission zone charges

3.1.5 toll charges;

3.1.6 ferry charges; and

3.1.7 replacement HOMES equipment.

3.2 The Authority reserves the right to introduce further **PTC_{ICE}** cost payments in order to facilitate additional requirements in the future, subject to the provisions of Schedule L (*Change Control Procedure*).

4 SERVICE CREDITS (SC_{ICE})

4.1 **SC_{ICE}** shall be calculated in accordance with the provisions of paragraph 4 of Part H of this Schedule F (*Payment Mechanism*).

4.2 There are no Unavailability Service Credits payable in respect of In-Country Escorting (ICE).

5 SERVICE IMPROVEMENT PAYMENTS (SIP_{ICE})

5.1 **SIP_{ICE}** payments shall be calculated in accordance with the provisions of Paragraph 5 of Part H to this Schedule F (*Payment Mechanism*).

PART N: OVERSEAS ESCORTING (OSE)

1 MONTHLY SERVICE CHARGE (MSC_{OSE})

1.1 There shall be no **MSC_{OSE}** payable in respect of the OSE Service Area. The OSE Service shall be provided purely in response to individual Service Requests and volume related payments shall apply as set out in Paragraph 2 below.

1.2 Annex L summarises the unit rates applicable to the OSE Service Area.

2 VOLUME RELATED PAYMENTS (VRP_{OSE})

2.1 Scheduled Flights

2.1.1 **VRP_{OSE}** payments made in respect OSE shall be calculated in accordance with Annex L to this Schedule F (*Payment Mechanism*).

2.1.2 For the purposes of **VRP_{OSE}** payments in relation to OSE the process has been broken into the distinct phases, namely:

OSE Phases

Phase	Name	Description
1	Muster to pick-up	This phase includes all mobilisation and travel measured up to the time at which the escort staff take custody of the Detainee(s) being removed, which in all cases shall be no more than 3 hours. For the avoidance of doubt where more than one Detainee is being removed at the same time, this phase shall complete at the point custody of the first Detainee is taken.
2	Pick-up to departure gate	This phase relates to the period from the point at which the escort staff take custody of the Detainee(s) to be removed up to the point at which they reach the departure gate at the airport. For the avoidance of doubt where more than one Detainee is being removed at the same time, this phase shall commence at the point custody of the first Detainee is taken.
3a	Departure gate to destination (if a direct flight) or transit point.	This phase includes the period from the departure gate to the point at which the Detainee(s) is/are handed over at their destination or point of transit.

3b	In-transit	This phase includes the time between outward and subsequent onward leg of the journey required in cases of non-direct flights.
3c	Transit to handover	This phase includes the period from departure gate at the transit point to the point at which the Detainee(s) is/are handed over at their destination.
4	Destination awaiting return.	This phase includes all time post handover prior to commencing the return flight.
5	Return to UK	This phase includes flight time back to the UK including transit time, plus no more than 3 hours once landed.

2.1.3 **VRP$_{OSE}$** payment for each phase per removal shall be based on the following table:

OSE Payment Overview

Phase	Description	Volume-Related Payments Payable (per Escort or Medical Staff)		
		Escort & Medical Staff Time	**Travel**	**Subsistence**
1	Muster to Pick-Up	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof up to a maximum of 3 hours.	Charges in respect of transport by van shall be reimbursed on a miles per Journey basis in accordance with the mileage rate set out in Table 2 of Annex L. Charges in respect of transport by coach shall be treated as a pass-through cost and reimbursed on an all inclusive basis.	Not applicable.
2	Pick-Up to Departure Gate	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof.	Charges in respect of transport by van shall be reimbursed on a miles per Journey basis in accordance with the mileage rate set out in Table 2 of Annex L. Charges in respect of transport by coach shall be treated as a pass-through cost and reimbursed on an all inclusive basis.	Not applicable.
3A	Departure Gate to Destination (direct flights only) or to Transit Point.	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof.	Not applicable. All tickets purchased via the Travel Service Provider.	Not applicable.
3B	In Transit (if not a direct flight)	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof.	Not applicable.	Receipted expenses shall be payable in accordance with the Authority Reimbursable Expenses policy, as revised from time to time. For the avoidance of doubt hotels shall be booked by the Travel Service Provider, but paid for by the Supplier.

3C	From Transit to Handover (if not a direct flight)	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof.	Not applicable. All tickets purchased via Travel Service Provider.	Not applicable.
4	Destination (Handover Location) Awaiting Return.	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof.	Not applicable. Local travel to hotel treated as subsistence.	Receipted expenses shall be payable in accordance with the Authority Reimbursable Expenses policy, as revised from time to time. For the avoidance of doubt hotels shall be booked by the Travel Service Provider, but paid for by the Supplier.
5	Return to UK	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof with no more than 3 hours after flight landing.	Not applicable.	Not applicable.

2.1.4 Payment for instructed removals cancelled prior to deployment shall be reimbursed in accordance with Table 5 of Annex L to this Schedule F (*Payment Mechanism*).

2.2 Charter Flights

2.2.1 For the purposing of calculating payment for OSE Services relating to Charter Flights, each Charter Flight has been broken down into its constituent parts and described in the table below:

Charter Flight Phases

Phase	Name	Description
1	Muster to pick-up	This phase includes all mobilisation, travel to the point of pick-up and any initial Detainee engagement which shall be no longer than three hours in total. For the avoidance of doubt where more than one Detainee is being removed at the same time, this phase shall complete at the point custody of the first Detainee is taken.
2	Pick-up to departure gate	This phase relates to the period from the point at which the escorts take custody of the Detainee(s) up to the point at which they reach the departure gate at the airport. For the avoidance of doubt where more than one Detainee is being removed at the same time, this phase shall commence at the point custody of the first Detainee is taken.
3	Departure gate to destination	This phase includes the period from the departure gate to the point at which the Detainees are handed over at their destination or point of transit.
4	Destination and return to UK.	This phase includes all time post handover and return leg back to the UK, plus no more than 3 hours once landed.

2.2.2 The payments relating to each phase of the charter is set out in the table below.

OSE Charter Flight Payment Overview

Phase	Description	Volume-Related Payments Payable (per Escort or Medical Staff)		
		Escort & Medical Staff Time	**Travel**	**Subsistence**
1	Muster to Pick-Up	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof up to a maximum of 3 hours.	Charges in respect of transport by van shall be reimbursed on a miles per Journey basis in accordance with the mileage rate set out in Table 2 of Annex L. Charges in respect of transport by coach shall be treated as a pass-through cost and reimbursed on an all inclusive basis.	Not applicable.
2	Pick-Up to Departure Gate	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof	Charges in respect of transport by van shall be reimbursed on a miles per Journey basis in accordance with the mileage rate set out in Table 2 of Annex L. Charges in respect of transport by coach shall be treated as a pass-through cost and reimbursed on an all inclusive basis.	Not applicable.
3	Departure Gate to Destination	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof	Not applicable. Charter flight procured via Travel Service Provider.	Not applicable.
4	Destination to UK	Payable in accordance with the rates for escorts and medical staff as applicable and as set out in Table 1 of Annex L for each hour or part thereof with no more than 3 hours after flight landing.	Not applicable.	Not applicable.

2.3 OTHER VOLUME-RELATED PAYMENTS

2.3.1 The following element of the Service has also been identified as being volume-related and any such Volume Related Payments are payable in accordance with the hourly rates specified in Table 3 of Annex L to this Schedule F:

2.3.1.2 Non-flying Personnel

2.3.2 The Authority reserves the right to introduce further payments in order to facilitate additional requirements in the future subject to the provisions of Schedule L (*Change Control Procedure*).

3 PASS-THROUGH COSTS (PTC_{OSE})

3.1 The following elements of the Service have been classified as PTC_{OSE} and, as such, costs are redeemable as a PTC_{OSE} payment:

3.1.1 subsistence per escort up to the relevant overseas subsistence cap and in accordance with Authority policy;

3.1.2 hotel charges;

3.1.3 taxis abroad;

3.1.4 public transport abroad;

3.1.5 ferry charges;

3.1.6 coach journeys;

3.1.7 toll charges;

3.1.8 congestion charges;

3.1.9 emission zone charges;

3.1.10 passport renewals & passport photographs;

3.1.11 visas;

3.1.12 staff vaccinations;

3.1.13 medical equipment

3.1.14 Frontex training costs;

3.1.15 custodies clothing;

3.1.16 destitute payments

3.1.17 arrival airport taxes; and

3.1.19 excess baggage.

3.2 The Authority reserves the right to introduce further payments in order to facilitate additional requirements in the future subject to the provisions of Schedule L (*Change Control Procedure*).

4 SERVICE CREDITS (SC_{OSE})

4.1 SC_{OSE} shall be calculated in accordance with the provisions of paragraph 4 of Part H to this Schedule F (*Payment Mechanism*).

4.2 There are no Unavailability Service Credits payable in respect of Overseas Escorting (OSE).

5 SERVICE IMPROVEMENT PAYMENTS (SIP_{OSE})

5.1 **SIP_{OSE}** payments shall be calculated in accordance with the provisions of paragraph 5 of Part H to this Schedule F (*Payment Mechanism*).

PART O – FAMILY TEAM

1 MONTHLY SERVICE CHARGE (MSC_{FT})

1.1 The **MSC_{FT}** for the Family Team Service Area shall apply in respect of all Services specified under Schedule D (*Service Requirements*) to this Contract.

1.2 The **MSC_{FT}** payable in respect of the Family Team Service Area for any Contract Month "N" shall be that amount set out in the Financial Pricing Model for that service for the relevant month.

2 VOLUME-RELATED PAYMENTS (VRP_{FT})

2.1 No **VRP_{FT}** for volume-related elements have been identified in respect of the Family Team Service Area. However, the Authority reserves the right to introduce **VRP_{FT}** payments in the future in order to facilitate additional volume-related requirements, subject to the provisions of Schedule L (*Change Control Procedure*).

3 PASS-THROUGH COSTS (PTC_{FT})

3.1 No PTC_{FT} payments have been identified in respect of the Family Team Service Area. However, the Authority reserves the right to introduce such payments in the future in order to facilitate additional pass-through requirements, subject to the provisions of Schedule L (*Change Control Procedure*).

4 SERVICE CREDITS (SC_{FT})

4.1 **SC_{FT}** shall be calculated in accordance with the provisions of Paragraph 4 of Part H to this Schedule F (*Payment Mechanism*).

4.2 There are no Unavailability Service Credits payable in respect of the Family Team Service Area.

5 SERVICE IMPROVEMENT PAYMENTS (SIP_{FT})

5.1 **SIP_{FT}** payments shall be calculated in accordance with the provisions of paragraph 5 of Part H to this Schedule F (*Payment Mechanism*).

PART P: IT SERVICE

1 MONTHLY SERVICE CHARGE (MSC_{IT})

1.1 The **MSC_{IT}** for the IT Service Area shall apply in respect of all Services specified under Schedule R (*IT Systems Requirements*) to this Contract.

1.2 The **MSC_{IT}** payable in respect of the IT Service Area for any Contract Month "N" shall be that amount set out in the Financial Pricing Model for that service for the relevant month.

2 VOLUME-RELATED PAYMENTS (VRP_{IT})

2.1 No volume-related elements have been identified in respect of the IT Service Area. However, the Authority reserves the right to introduce **VRP_{IT}** payments in the future in order to facilitate additional volume-related requirements, subject to the provisions of Schedule L (*Change Control Procedure*).

3 PASS-THROUGH COSTS (PTC_{IT})

3.1 No PTC_{IT} have been identified in respect of the IT Service Area. However, the Authority reserves the right to introduce such payments in the future in order to facilitate additional Pass-Through requirements, subject to the provisions of Schedule L (*Change Control Procedure*).

4 SERVICE CREDITS (SC_{IT})

4.1 SC_{IT} shall be calculated in accordance with the provisions of paragraph 4 of Part H to this Schedule F (*Payment Mechanism*).

4.2 There are no Unavailability Service Credits payable in respect of the IT Service Area.

5 SERVICE IMPROVEMENT PAYMENTS (SIP_{IT})

5.1 **SIP_{IT}** payments shall be calculated in accordance with the provisions of paragraph 5 of Part H to this Schedule F (*Payment Mechanism*).

PART Q: DEMOBILISATION

1 PAYMENTS

1.1 Charges payable for the provision of Termination Services shall comply with the provisions of Schedule N (*Exit Management*) and shall be calculated in accordance with the methodology that would apply if such Services were being agreed as a Contract Change. A capped estimate of such Charges shall also be provided by the Supplier to the Authority for such Charges within a reasonable period of a request by the Authority for such an estimate.

1.2 For the avoidance of doubt, except where expressly agreed in writing in advance by the Authority, no payments shall be made to the Supplier in respect of demobilisation at the end of the Term.

PART R: Invoicing and Payment Terms

1 SUPPLIER INVOICES

1.1 The Supplier shall prepare and provide to the Authority for approval of the format, a template invoice within 10 Working Days of the Effective Date which shall include, as a minimum, the details set out in Paragraph 1.2 together with such other information as the Authority may reasonably require to assess whether the Charges that will be detailed therein are properly payable. If the template invoice is not approved by the Authority then the Supplier shall make such amendments as may be reasonably required by the Authority.

1.2 The Supplier shall prepare a separate monthly invoice in respect of each of the Services provided.

1.3 All Supplier invoices shall be expressed in Sterling (£).

1.4 Each invoice shall contain all appropriate references, a detailed breakdown of the Services and the appropriate rates, volumes and prices and shall be supported by any other documentation as may be reasonably required by the Authority. Each invoice shall contain, inter alia, the following information:

1.4.1 the date of the invoice;

1.4.2 a unique invoice number;

1.4.3 the correct references for this Agreement;

1.4.4 the purchase order number;

1.4.5 the Service Period(s) to which the Charge(s) relate;

1.4.6 a description of the Services;

1.4.7 the pricing mechanism used to calculate the Charges (such as Guaranteed Maximum Price with Target Cost, Fixed Price, etc.);

1.4.9 the date upon which each of the Charges detailed on the invoice was performed;

1.4.10 where appropriate, the Fixed Price service charge referenced to the Financial Pricing Model;

1.4.11 where appropriate, the rate, volume and price for each of the volume related Charges detailed on the invoice;

1.4.12 in respect of Charges arising from the completion of a milestone, the Milestone Achievement Certificate shall be attached;

1.4.13 the total Charges net and gross of any applicable deductions and, separately, the amount of any Reimbursable Expenses properly chargeable to the Authority under the terms of this Agreement and, separately, any VAT or other sales tax payable in respect of each of the same;

1.4.14 reference to any supporting documentation as may be reasonably required by the Authority in respect of the Charges detailed on the invoice;

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

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

1.5 For the avoidance of doubt, Service Credits or Delay Payments or similar deductions shall be the subject of a separate payment document.

1.6 The Supplier shall submit to the Authority a pro forma invoice within 5 Working Days of the end of the Service Period.

1.7 The Supplier and the Authority shall use their best endeavours to agree the invoice within 10 Working Days of receipt.

1.8 Any Charges not agreed within the 10 Working Days stipulated in Paragraph 1.7 shall be excluded from the invoice and the invoice restated accordingly. Such disputed Charges shall be subject to the provisions of Schedule J (Dispute Resolution Procedure).

1.9 If the Authority fails to consider an invoice in accordance with Paragraph 1.7, the invoice shall be regarded as valid and undisputed for the purpose of Paragraph 2.1.

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

1.11 The Supplier shall submit all invoices and Supporting Documentation to:

Shared Service Centre,

[redacted]

With a copy sent via electronic mail to:

[redacted]

Duplicate electronic copies of each and every invoice shall also be provided simultaneously to representatives of the Authority at the address below:

Escorting Contract Monitoring Team
[redacted]

Immigration Enforcement Commercial Team
[redacted]

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

2 **PAYMENT TERMS**

2.1 Subject to the relevant provisions of this Schedule F (*Payment Mechanism*), the Authority shall make payment to the Supplier as follows:

2.1.1 in the case of invoices submitted for costs that are fixed payment shall be made within 5 days of verifying that the invoice is valid and undisputed; and

2.1.2. in the case of all other invoices payment shall be made within 30 days of verifying that the invoice is valid and undisputed.

2.2 Unless the Parties agree otherwise in writing, all Supplier invoices shall be paid by BACS transfer to the bank account specified on the invoice.

PART S: 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 Agreement]*** (**the** "**Agreement**") in relation to the following [Milestone/Milestone Group: [***Insert details of Milestone/Milestone Group***]] [Service]

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*

PART T: INDICATIVE RATE CHARGING AND REVIEW

1 INDICATIVE RATE CHARGING

1.1 The Parties have identified a number of Volume Related Unit Rates for the provision of Services which need to be agreed, as the relevant volumetric data was not available to the Supplier at the point when it was tendering to provide the Services. Where these Services are delivered to the Authority, Indicative Rates shall be used to calculate the Volume Related Payment for a period of not less than 6 months and not more than 9 months from Commencement of Full Services. During this period, the rates will be reviewed, based upon actual activity, and the Parties shall use all reasonable endeavours to agree the final rates (the “Final Rates”) for these Services, which shall replace the Indicative Rates for the remainder of the Term.

1.2 Indicative Rates shall apply as follows and are strictly limited to the rates specified:

1.2.1 Juxtaposed Controls - Additional Staff Cost Rate per hour by Staff Type

1.2.2 Ad Hoc Holding Rooms - Cost

1.2.3 Additional Escort, Guarding and Medical Staff Cost

1.2.4 Residential Short Term Holding Facilitys - Hourly Cost Rate for Additional Staff per Geographical Region

1.2.5 In Country Escorting - Fuel Mileage (ICE)

1.2.6 Overseas Escorting Van Fuel Mileage Unit Cost Rate

1.2.7 Overseas Escorting Cancelled Movements - Unit Cost Rate

1.3 The Indicative Rates given in the applicable Annex to this Schedule F for the relevant service in paragraph 1.2 above, shall be charged where Volume Related Payments become due for payment, until the point where the Final Rates are implemented.

2 REVIEW AND FINAL RATE SETTING

2.1 With the exception of Drumkeen House, the rates for which shall be reviewed as per Paragraph 3 below, all Services subject to Indicative Rates shall be reviewed in accordance with Paragraphs 2.2 to 2.4

2.2 For the 6 months following Commencement of Full Services, the Supplier shall record full details of the costs of providing those Services which are subject to Indicative Rates. After this point, a review of the Indicative Rates shall be undertaken, based upon the actual costs incurred by the Supplier in this 6 month period. Where this review identifies that the Indicative Rate:

2.2.1 is an accurate reflection of the cost to the Supplier plus the applicable Supplier Profit Margin, then this rate shall be accepted by both parties as the Final Rates for the contract; or

2.2.2 is not an accurate reflection of the cost to the supplier, plus the applicable Supplier Profit Margin, then the Supplier and the Authority shall enter into discussions in good faith, to agree a Volume Related Unit Rate for the Service, which shall be implemented on or before the end of the 9th month following Commencement of Full Services.

2.3 Any changes to the Indicate Rates made as a result of the review under this Part T of Schedule F (*Payment Mechanisms*) shall be subject to the provisions of Schedule L (*Change Control Procedure*).

2.4 Should the Parties not be able to agree the Final Rates on or before the end of the 9th Month following Commencement of Full Services then the matter shall be resolved in accordance with the provisions of Schedule J (*Dispute Resolution Procedure*). The Indicative Rates shall continue to apply until such time as the Final Rates are agreed under the Dispute Resolution Procedure.

3 DRUMKEEN HOUSE

3.1 Indicative Rate Charging

3.1.1 The charges in respect of the Ad-hoc Holding Room at Drumkeen House (Paragraph 1.2.2 above) shall be subject to review, and whilst this review is undertaken Indicative Rates shall be charged for this Service.

3.1.2 The Indicative Rates applied for the Ad-hoc Holding Room at Drumkeen House shall be part volume related (staff costs) as given in Table 3 of Annex H to this Schedule F (*Payment Mechanism*), and part-fixed (non-staff related costs) which have been included in the fixed Service Charge for holding rooms.

3.2 Review and Final Rate Setting

3.2.1 The review of the Volume Related Unit Rates in respect of Drumkeen House is solely to set the non-staff related costs for this Service, and, for the avoidance of doubt, the staffing element of the Volume Related Unit Rates shall not change as a result of the review under this Part T.

3.2.2 The final Volume Related Unit Rate for Drumkeen House shall be an all-inclusive hourly price rate consisting of the staffing rate (as given in Table

3 of Annex H to this schedule F (*Payment Mechanism*)) plus an additional amount to cover non-staff costs, plus any applicable Supplier Profit Margin upon these non-staff costs. The amount included in the holding room fixed Service Change for non-staff costs at Drumkeen House shall be removed, when the new all-inclusive rate is introduced.

3.2.3 For the 6 months following Commencement of Full Services, the Supplier shall record details of the costs of providing the non-staff related elements at Drumkeen House. Based upon the actual costs incurred by the Supplier in this 6 month period, the Supplier shall then enter into good faith discussions with the Authority to agree the new all-inclusive rate for the Services at Drumkeen House, which shall be implemented on or before the end of the 9th month following Commencement of Full Services.

3.2.4 Any changes made to the rates for Drumkeen House as a result of the review under this Part T of Schedule F (*Payment Mechanisms*) shall be subject to the provisions of Schedule L (*Change Control Procedure*).

3.2.5 Should the Parties not be able to agree the Final Rates on or before the end of the 9th Month following Commencement of Full Services then the matter shall be resolved in accordance with the provisions of Schedule J (Dispute Resolution Procedure). The Indicative Rates shall continue to apply until such time as the Final Rates are agreed under the Dispute Resolution Procedure.