

SCHEDULE 7

Charging and Operational Pricing

1. **Scope**

1.1 This Schedule 7 sets out the following pricing and financial provisions related to this Agreement:

- (A) Milestone Payments;
- (B) Service Charges;
- (C) annual contract indexation;
- (D) Service Provider invoicing; and
- (E) the pricing template;

2. **Milestone Payments**

2.1 The maximum aggregate amount payable by TfL in relation to the Service Provider's delivery of the Milestones for the Implementation phase is the Implementation cost, [REDACTED] ([REDACTED]), such amount being payable in accordance with paragraphs 7 (*Payment in respect of Milestones*) and 8 (*On-time Delivery Payments*) of Schedule 3 (*Milestones and Deliverables*) as follows:

eighty per cent. (80%) as the aggregate of the Milestone Payments in respect of all of the Milestones (excluding Milestone D9 (*Initial Operations Review Complete*));

- (A) ten per cent. (10%) as the Milestone Payment for Milestone D9 (*Initial Operations Review Complete*); and
- (B) ten per cent. (10%) as the aggregate of the On-time Delivery Payments in respect of the Key Milestones as described in Table 2 of paragraph 8 of Schedule 3 (*Milestones and Deliverables*).

2.2 When payable in accordance with paragraphs 7 (*Payment in respect of Milestones*) and 8 (*On-time Delivery Payments*) of Schedule 3 (*Milestones and Deliverables*), the Service Provider shall submit a request for a Milestone Payment using a draft invoice in accordance with paragraph 5 (*Service Provider Invoicing*) below.

3. **Service Charges**

3.1 Subject to paragraph 3.2, TfL shall pay the Service Charges in respect of each month during the Term as calculated in accordance with Annex 4 (*Service Charges*) to this Schedule, as invoiced by the Service Provider in arrears pursuant to paragraph 5 (*Service Provider Invoicing*).

3.2 The Service Charges in a month shall be reduced by the following (to the extent applicable):

- (A) Service Failure Deductions for that month, calculated in accordance with Schedule 5 (*Service Level Agreement*);
- (B) any Service Failure Deductions accrued but not deducted from Service Charges paid in any earlier month, for whatever reason (except where the application of such Service Failure Deductions has been waived by TfL in its absolute discretion), or otherwise due in accordance with Schedule 5 (*Service Level Agreement*) (including without limitation to the generality of the foregoing because the data provided by the Service Provider in respect of any earlier month was incorrect);
- (C) any other deductions due in accordance with this Agreement (including any overpayments made by TfL to the Service Provider).
- 3.3 For the first and the last months in the operational phase, the Service Charges for that month shall be pro-rated to reflect the proportion of the days in the month which fall within the operational phase.
- 3.4 Any changes to the Service Charges (save as described in paragraph 3.2) must be considered and implemented in accordance with Schedule 9 (*Change Control Request Procedure*)

4. **Annual Contract Indexation**

- 4.1 On each anniversary of 31 May 2017 for the duration of the Agreement, the Service Charges and Day Rates shall be adjusted in accordance with the following formula:

$$C_{t+1} = C_t \times \max\left(1, \frac{Index_t}{Index_{t-1}}\right)$$

Where:

C = Service Charge element/Day Rates

t = the year immediately prior to the anniversary date on which indexation is being applied;

t - 1 = the year immediately prior to year t;

t + 1 = the year immediately after year t

Index = for each Service Charge element/Day Rate, the value of the applicable index for that Service Charge element/Day Rate (as set out in the table below) as at the end of the month which is 3 months prior to the first day of years t and t-1.

	Applicable Index
Hardware / Software	0.0% or CPI, whichever is lower
Service Charge	BEAMA Electrical Engineering Labour index
Day Rates	BEAMA Electrical Engineering Labour index

Source: BEAMA, Office of National Statistics

4.2 For the avoidance of doubt, the Implementation costs or any element thereof shall not be adjusted in accordance with paragraph 4.1.

5. **Service Provider Invoicing**

5.1 During the Implementation phase, the Service Provider shall within ten (10) Business Days after the Acceptance of the relevant Milestone submit a draft invoice to TfL with the Milestone Payment and any On-time Delivery Payment which is due further to Acceptance of that Milestone (in accordance with paragraph 2 (*Milestone Payments*)) and submit it to TfL for Approval.

5.2 During the operational phase, the Service Provider shall within ten (10) Business Days after the end of each month submit a draft invoice to TfL with:

- (A) the Service Charges due in relation to that month (in accordance with paragraph 3 (*Service Charges*)); and
- (B) any On-time Delivery Payments which are due further to Acceptance of any Milestones in the relevant month (in accordance with paragraph 2 (*Milestone Payments*))

submit all relevant Performance Indicator reports and any other documentation reasonably required by TfL detailing the Service Provider's performance for that month (including as required pursuant to Schedule 10 (*Contract Management and Reporting*) and Schedule 5 (*Service Level Agreement*)), and submit it to TfL for Approval.

5.3 Following Approval of the populated draft invoice pursuant to paragraph 5.1, 5.2 or 5.4, the Service Provider may issue invoices for the due amounts, provided that the Service Provider shall ensure that each such invoice is:

- (A) issued:
 - (1) during the Implementation phase, in the format set out in Annex 2 (*Invoicing Template (Implementation Phase)*); and
 - (2) during the operational phase, in the format set out in Annex 3 (*Invoicing Template (Operational Phase)*); and
- (B) addressed to the following address (or such other address as may be notified by TfL to the Service Provider from time to time in accordance with Clause 44 (*Notices*):

Accounts Payable,

Transport for London (TfL),
Financial Service Centre (FSC),
PO Box 45276,
14 Pier Walk,
London, SE10 1AJ

- (C) delivered in PDF format via email to the following email address, or such other email address as may be notified by TfL to the Service Provider from time to time in accordance with Clause 44 (*Notices*):

Accountspayable@tfl.gov.uk

- 5.4 TfL shall make such payments properly due to the Service Provider in accordance with this Schedule 7 to the following bank account (or such other bank account as may be notified by the Service Provider to TfL from time to time in accordance with Clause 44 (*Notices*):

[REDACTED]

6. **Pricing Template**

- 6.1 The pricing template is attached at Annex 3 (*Pricing Template*) to this Schedule 7 for information only. For the avoidance of doubt:

- (A) the pricing template will not be maintained during the Term;
- (B) the pricing template will not be used for calculating or amending the charges; and
- (C) if assumptions in the pricing template are shown to be inaccurate, TfL shall be under no obligation to agree to any amendment to the charges.

ANNEX 1

INVOICING TEMPLATE (IMPLEMENTATION PHASE)

Invoice (Implementation phase)		
TfL	Invoice Date:	[•]
Address	Invoice Number:	[•]
	TfL Purchase Order:	TfL [•]
Milestone Payment		
<i>(Refer to Milestones in Schedule 3)</i>		
Milestone acceptance date:	[•]	
	Amount £ Sterling	Amount £ Sterling
Milestone Payment value	£[•]	
On-time Delivery Payment	£[•]	- £[•]
Less other deductions	-£[•]	- £[•]
Total charges for the month excluding VAT		£[•]
Total VAT		£[•]
Total amount payable		£[•]

ANNEX 2

INVOICING TEMPLATE (OPERATIONAL PHASE)

Invoice (operational phase)		
TfL Address	Invoice Date: Invoice Number: TfL Purchase Order:	[•] [•] TfL [•]
Schedule of charges Reference – Schedule 7		
Monthly charges From: To:		
	Amount £ Sterling	Amount £ Sterling
Service Charges	£[•]	
Any other charges payable	£[•]	£[•] £[•]
Less		
Service Failure Deductions against Invoice XX	-£[•]	£[•]
Gainshare against invoice XX	-£[•]	£[•] £[•]
Total charges for the month excluding VAT		£[•]
Total VAT		£[•]
Total amount payable		£[•]

ANNEX 4
SERVICE CHARGES

1. **Agreement Term**

1.2. Service Charge

A monthly Service Charge, such amount depending on the operational year in which the month occurs as follows:

Month in Term	Hardware / Software	Service Charge
for months during operational year 1	Nil	██████████ ██████████ ██████████ ██████████
for months during operational year 2	██████████ ██████████ ██████████ ██████████ ██████████	██████████ ██████████ ██████████ ██████████ ██████████
for months during operational year 3	Nil	██████████ ██████████ ██████████ ██████████
for months during operational year 4	Nil	██████████ ██████████ ██████████ ██████████
for months during operational year 5	Nil	██████████ ██████████ ██████████ ██████████
for months during operational year 6	██████████ ██████████ ██████████ ██████████ ██████████	██████████ ██████████ ██████████ ██████████ ██████████
for months during operational	Nil	██████████ ██████████

Month in Term	Hardware / Software	Service Charge
year 7		██████████ ██████████ ██████████
for months during operational year 8	Nil	██████████ ██████████ ██████████ ██████████
for months during operational year 9	Nil	██████████ ██████████ ██████████ ██████████
for months during operational year 10	Nil	██████████ ██████████ ██████████ ██████████

1.3. Day Rates

The Day Rates for Service Provider’s Personnel specified below may form the basis for the application of the Change control request procedure in accordance with Schedule 9 (*Change Control Request Procedure*), which shall be agreed in advance by TfL. Day Rates are inclusive of expenses and subsistence and shall be applied for all volumes of work:

Grade of Service Provider’s Personnel	Description of responsibilities and qualifications	Day Rate (£ - pounds sterling)
Engineer	As per grade title	██████████
Senior Engineer	As per grade title	██████████
Consultant	As per grade title	██████████
Senior Consultant	As per grade title	██████████
Principal Consultant	As per grade title	██████████
Senior Principal Consultant	As per grade title	██████████