

Schedule 15

Charges and Invoicing

Schedule 15: Charges and Invoicing

1. Definitions

1.1 In this Schedule, the following definitions shall apply:

“Achieved Profit Margin”	the cumulative Supplier Profit Margin calculated from (and including) the Effective Date (or, if applicable, the date of the last adjustment to the Charges made pursuant to Paragraph 2.2 of Part D) to (and including) the last day of the previous Contract Year;
"Agent"	has the meaning given to it in Schedule 2 (<i>Services Description</i>);
"Agent Desktop Client"	has the meaning given to it in Schedule 2 (<i>Services Description</i>);
“Anticipated Contract Life Profit Margin”	the anticipated Supplier Profit Margin over the Term as reflected in the Financial Model, is [Redacted Under FOIA Section 43, Commercial Interests];
“Capped ADR”	in relation to a Milestone Payment or Service Charge means a capped average day rate calculated by reference to a Time and Materials pricing mechanism, [Redacted Under FOIA Section 43, Commercial Interests];
“Certificate of Costs”	a certificate of costs signed by the Supplier’s Chief Financial Officer or Director of Finance (or equivalent as agreed in writing by the Authority in advance of issue of the relevant certificate) and substantially in the format set out in Annex 3;
“Concurrent Agents Number”	<p>the fourth (4th) highest daily average number of Agents simultaneously logged in to the Agent Desktop Client in any 60 minute measurement period during the relevant Service Period. The daily average for each day during a Service Period will be calculated by:</p> <ul style="list-style-type: none">(a) identifying the total number of Agents that were simultaneously logged in to the Agent Desktop Client in all of the 60 minute measurement periods during the relevant day; and(b) dividing this total number by the number of 60 minute measurement periods that are being measured by the Authority under limb (a) in that day, <p>in order to arrive at the daily average for the relevant day.</p>

The daily averages for each day during the Service Period will then be ranked from highest to lowest in order to identify the fourth (4th) highest daily average;

“Configured Agents Number”

the monthly average number of Agents who have their access to the Agent Desktop Client configured to allow them to consume the Services as defined in Schedule 2 (*Services Description*)) within the relevant Service Period. The monthly average number will be calculated by:

- (a) identifying the total number of Agents that had their access to the Agent Desktop Client configured to allow them to consume the Services as at the end of each day during the Service Period; and
- (b) dividing this total number by the number of days that are being measured by the Authority under limb (a),

in order to arrive at the monthly average;

“Configured Survey”

a Configured Surveys (as per the meaning given to it in Schedule 2 (*Services Description*) Section 10.1.2) within the Service Period;

“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 the Key Sub-contractor (as the context requires), calculated per Work Day, of engaging the Supplier Personnel, including:
 - (i) base salary paid to the Supplier Personnel;
 - (ii) employer’s national insurance contributions;
 - (iii) Employer 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 (including those categorised as direct overheads, up to a maximum rate of [Redacted Under FOIA Section 43, Commercial Interests], as detailed within the Contract Inception Report) 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) Indirect Overheads applied at the maximum rate of [Redacted Under FOIA Section 43, Commercial Interests] for Software and Licences or a maximum rate of [Redacted Under FOIA Section 43, Commercial Interests] in respect of all other costs, as detailed within the Contract Inception Report.
- (e) Forecast Contingency Costs;
- (f) Reimbursable Expenses to the extent these are incurred in delivering any Services where the Charges for those Services are to be calculated on a Fixed Price or Firm Price pricing mechanism;

but excluding:

- (i) financing or similar costs;
- (ii) 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;
- (iii) taxation;
- (iv) fines and penalties;
- (v) amounts payable under Schedule 17 (*Benchmarking*); and
- (vi) non-cash items (including depreciation, amortisation, impairments and movements in provisions);

“Delay Payment Rate” has the meaning given in Paragraph 1.1.1 of Part C;

“The Employer Pension Contributions” means:

- (a) in respect of CSPS Eligible Employees those sums set out at Clauses 7.1.1 (*annual administration charges covering core services*), 7.1.5 (*employer contributions*), 7.1.7 (*the ASLC*) and 7.1.8 (*flat charges applicable to the Partnership Pension Account*) of the Admission Agreement;
- (b) in respect of NHSPS Eligible Employees, the standard employer contribution rate applicable to NHS Pension Scheme employers during the Term and payable by the Supplier (but no other costs, contributions, charges or surcharges payable by the Supplier to or in respect of the NHS Pension Scheme or in respect of any NHS Premature Retirement Rights, unless otherwise agreed in writing by the Authority);
- (c) in respect of LGPS Eligible Employees the standard employer contribution rate applicable to LGPS Eligible Employees during the Term and payable by the Supplier (but no other costs, contributions, charges or surcharges payable by the Supplier to or in respect of the LGPS or in respect of any Beckmann Liabilities, unless otherwise agreed in writing by the Authority); and

such other employer pension contributions, charges or costs incurred by the Supplier which have been expressly agreed by the Authority in writing to constitute ‘Employer Pension Contributions’;

“European Standard” in relation to an electronic invoice means the European standard and any of the syntaxes published in Commission Implementing Decision (EU) 2017/1870.

“Forecast Contingency Costs” the costs which the Supplier forecasts may be incurred in relation to the risks and contingencies that are identified in the Risk Register, such costs being those set out in the column headed ‘Forecast Contingency Costs’ in the Risk Register (as such costs are updated from time to time);

“Guaranteed Maximum Price” in relation to a Milestone, 110% of the Target Price for the relevant Milestone;

“Incurred Costs” in relation to a Milestone, the sum of:

- (a) the fixed day costs set out in Table 3 of Annex 1 multiplied by the number of Work Days that have been

	expended by the Supplier Personnel in Achieving the relevant Milestone; and
	(b) any amount that would fall within limbs (b) or (c) of the definition of "Costs" (but subject to exceptions (i) to (vi) in that definition), to the extent that such amount has been incurred in Achieving the relevant Milestone;
"Indexation" and "Index"	the adjustment of an amount or sum in accordance with Paragraph 5 of Part C;
"Maximum Permitted Profit Margin"	the Anticipated Contract Life Profit Margin plus 5%;
"Milestone Group"	has the meaning given in Paragraph 1.4.3 of Part B;
"Milestone Retention"	has the meaning given in Paragraph 1.3 of Part B;
"Overhead"	those amounts which are intended to recover a proportion of the Supplier's or the Key Sub-contractor's (as the context requires) indirect corporate costs (including financing, marketing, advertising, research and development and insurance costs and any fines or penalties) but excluding allowable indirect costs apportioned to facilities and administration in the provision of Supplier Personnel and accordingly included within limb (a) of the definition of "Costs" or the day cost set out in Table 3 of Annex 1;
"Outstanding Charges Report"	means monthly report to be provided by the Supplier that records the current status of all Services for which the Supplier expects to invoice but which have not been invoiced at the end of the relevant Service Period. The report also acts as a log for all items that are either currently "under review" or have previously been "under review" and which are now resolved and invoiced;
"Issued Survey"	a Configured Survey that is presented to citizens to complete within the Service Period;
"Reimbursable Expenses"	reasonable out of pocket travel and subsistence (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: <ul style="list-style-type: none"> (a) 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

- (b) 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;

“Relevant Index”

in relation to any Charges that are expressly stated in this Schedule to be subject to Indexation, the relevant Index (as published by the Office of National Statistics) shall be:

- (a) the Average Weekly Earnings (AWE, specifically “KAC3”) index with respect to:
 - (i) the Charges in Table 1 of Annex 1 (and the Capped ADR); and
 - (ii) those elements of the Costs within the Charges in Tables 3, 5, 6 (Optional Services only) and 7 of Annex 1 that are directly linked to Table 1 of Annex 1 and/or the Capped ADR; and
- (b) the Output Producer Price Index (Output PPI, specifically “GBBV”) with respect to all other elements of the relevant Charges;

“Scheduled Agents”

The fourth (4th) highest daily average number of Agents available in the WFM that are targeted for scheduling) within the Service Period, which shall be multiplied by the relevant Variable Service Charge Unit Price.

“Supplier Profit”

in relation to a period or a Milestone (as the context requires), the difference between the total Charges (in nominal cash flow terms but excluding any Deductions) and total Costs (in nominal cash flow terms) for the relevant period or in relation to the relevant Milestone;

“Supplier Profit Margin”

in relation to a period or a Milestone (as the context requires), the Supplier Profit for the relevant period or in relation to the relevant Milestone divided by the total Charges over the same period or in relation to the relevant Milestone and expressed as a percentage;

“Supporting Documentation”

sufficient information in writing to enable the Authority reasonably to assess whether the Charges, Reimbursable Expenses and other sums due from the Authority detailed in the information are properly payable, including copies of any applicable Milestone Achievement Certificates or receipts;

“Target Cost”	has the meaning given in Paragraph 3.1 of Part A;
“Target Price”	has the meaning given in Paragraph 3.1 of Part A;
"Uninvoiced Charges"	has the meaning given in Paragraph 1.7 of Part E;
"Volume Based Unit Charge"	means the charge per unit applicable to the relevant "Volume Based" Service Charge set out in the column headed "Charge per unit (£)" in Table 7 of Annex 1 (Volume Charges);
“Verification Period”	in relation to an Allowable Assumption, the period from (and including) the Effective Date to (and including) the date at which the relevant Allowable Assumption expires, as set out against the relevant Allowable Assumption in column 11 in the table in Annex 5;
“Work Day”	7.5 Work Hours, whether or not such hours are worked consecutively and whether or not they are worked on the same day; and
“Work 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.

Part A: Pricing

1. Applicable Pricing Mechanism

- 1.1 Milestone Payments and Service Charges shall be calculated using the pricing mechanism specified in Annex 2 and on the basis of the rates and prices specified in Annex 1 as more particularly set out in this Schedule.
- 1.2 Table 1 of Annex 2 sets out which pricing mechanism shall be used to calculate each Milestone Payment, which shall be one or more of the following:
 - 1.2.1 **“Time and Materials”**, in which case the provisions of Paragraph 2 shall apply;
 - 1.2.2 **“Guaranteed Maximum Price with Target Cost”**, in which case the provisions of Paragraph 3 shall apply;
 - 1.2.3 **“Fixed Price”**, in which case the provisions of Paragraph 4 shall apply; or
 - 1.2.4 **“Firm Price”**, in which case the provisions of Paragraph 5 shall apply.
- 1.3 Table 2 of Annex 2 sets out which pricing mechanism shall be used to calculate each Service Charge, which shall be one or more of the following:
 - 1.3.1 **“Time and Materials”**, in which case the provisions of Paragraph 2 shall apply;
 - 1.3.2 **“Volume Based”** pricing, in which case the provisions of Paragraph 6 shall apply; or
 - 1.3.3 **“Fixed Price”** in which case the provisions of Paragraph 4 shall apply.

2. Time and Materials Milestone Payments or Service Charges

- 2.1 Where Table 1 or Table 2 of Annex 2 indicates that a Milestone Payment or Service Charge (as applicable) is to be calculated by reference to a Time and Materials pricing mechanism:
 - 2.1.1 the day rates set out in Table 1 of Annex 1 shall be used to calculate the relevant Charges, provided that the Supplier (or its Sub-contractor) shall:
 - (a) not be entitled to include any uplift for risks or contingencies within its day rates;
 - (b) not be paid any Charges to the extent that they would otherwise exceed the cap specified against the relevant Charge in Table 2 of Annex 1 unless the Supplier has obtained the Authority’s prior written consent. The Supplier shall monitor the amount of each Charge incurred in relation to the relevant cap and notify the Authority immediately in the event of any risk that the cap may be exceeded and the Authority shall instruct the Supplier on how to proceed;
 - (c) unless otherwise agreed by the Authority in relation to the relevant Milestone Payment or Service Charge (as the case may be), not be paid any Charges to the extent that they would otherwise exceed the amount

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calculated by multiplying:

- (i) the total number of days expended by the Supplier in relation to the relevant Milestone; or
- (ii) the total number of days expended by the Supplier during the relevant Service Period in relation to the relevant Service,

by the Capped ADR; and

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

2.1.2 the Supplier shall keep records of hours properly worked by Supplier Personnel (in the form of timesheets) and expenses incurred and submit a summary of the relevant records with each invoice. If the Authority requests copies of such records, the Supplier shall make them available to the Authority within 10 Working Days of the Authority's request.

2.2 The Supplier shall be entitled to Index the rates set out in Table 1 of Annex 1 and the Capped ADR in accordance with Paragraph 5 of Part C, but any caps set out in Table 2 of Annex 1 shall not be subject to Indexation.

3. **Guaranteed Maximum Price with Target Cost Incentive Milestone Payments**

3.1 Where Table 1 of Annex 2 indicates that a Milestone Payment is to be calculated by reference to the Guaranteed Maximum Price with Target Cost pricing mechanism, the target Costs (the "**Target Cost**") and the target Charge (the "**Target Price**") for the relevant Milestone shall be as set out in Table 4 of Annex 1.

3.2 If the Incurred Costs relating to a Milestone are lower than the Target Cost for that Milestone, the difference between the Incurred Costs and the Target Cost shall be shared equally between the Authority and the Supplier (resulting in the Supplier receiving a higher Supplier Profit Margin in relation to that Milestone), and the Milestone Payment shall be calculated as follows:

$$\text{Milestone Payment} = \text{TP} - ((\text{TC} - \text{IC})/2)$$

where:

TP is the Target Price for the relevant Milestone;

TC is the Target Cost for the relevant Milestone; and

IC is the Incurred Costs relating to the relevant Milestone.

3.3 If the Incurred Costs relating to a Milestone are greater than the Target Cost for that Milestone, the difference between the Incurred 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 for that Milestone as set out in Table 4 of

Annex 1 (the “**Guaranteed Maximum Price**”) Represented numerically:

3.3.1 if:

- (a) $IC > TC$; and
 - (b) $TP + ((IC - TC)/2) < GMP$,
- then Milestone Payment = $TP + ((IC - TC)/2)$; or

3.3.2 if:

- (a) $IC > TC$; and
 - (b) $TP + ((IC - TC)/2) \geq GMP$,
- then Milestone Payment = GMP

where:

IC is the Incurred Costs relating to the relevant Milestone;

TC is the Target Cost for the relevant Milestone;

TP is the Target Price for the relevant Milestone; and

GMP is $TP * 1.1$, being the Guaranteed Maximum Price for the relevant Milestone.

3.4 The Supplier shall be entitled to Index the day costs set out in Table 3 of Annex 1 annually, but the Target Cost, Target Price and Guaranteed Maximum Price shall not be subject to Indexation.

4. Fixed Price Milestone Payments or Service Charges

4.1 Where Table 1 or Table 2 of Annex 2 indicates that a Milestone Payment or Service Charge is to be calculated by reference to a Fixed Price pricing mechanism, the relevant Charge shall be the amount set out against that Charge in Table 5 of Annex 1.

4.2 Charges calculated by reference to a Fixed Price pricing mechanism shall be subject to Indexation.

5. Firm Price Milestone Payments

5.1 Where Table 1 of Annex 2 indicates that a Milestone Payment is to be calculated by reference to a Firm Price pricing mechanism, the relevant Charge shall be the amount set out against that Charge in Table 6 of Annex 1.

5.2 Charges calculated by reference to a Firm Price pricing mechanism shall not be subject to adjustment by way of Indexation.

6. Volume Based Service Charges

6.1 Where Table 2 of Annex 2 indicates that a Service Charge is to be calculated by reference to a Volume Based pricing mechanism, the relevant Charges shall be

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calculated on the basis of the unit costs set out against that Service Charge in Table 7 of Annex 1.

- 6.2 In the event that the volume of any Services that are to be calculated by reference to a Volume Based pricing mechanism fall outside the relevant volume bands (if any) set out against that Service Charge in Table 7 of Annex 1, the relevant Service Charges shall be calculated in accordance with the Change Control Procedure and Paragraph 4 of Part C.
- 6.3 The Charge per unit set out in Table 7 of Annex 1 shall be subject to Indexation.

7. Reimbursable Expenses

- 7.1 Where the Authority expressly agrees in writing in relation to any particular Services that are to be charged using the Time and Materials pricing mechanism, the Supplier shall be entitled to be reimbursed by the Authority for Reimbursable Expenses (in addition to being paid the relevant Charges), provided that such Reimbursable Expenses are supported by Supporting Documentation.
- 7.2 The Authority shall provide a copy of its current expenses policy to the Supplier upon request.
- 7.3 Except as expressly set out in Paragraph 7.1, the Charges shall include all costs and expenses relating to the Deliverables, the Services and/or the Supplier's performance of its obligations under this Contract and no further amounts shall be payable by the Authority to the Supplier in respect of such performance, including in respect of matters such as:
 - 7.3.1 any incidental expenses that the Supplier incurs, including travel, subsistence and lodging, document and report reproduction, shipping, desktop and office equipment costs required by the Supplier Personnel, including network or data interchange costs or other telecommunications charges; or
 - 7.3.2 any amount for any services provided or costs incurred by the Supplier prior to the Effective Date.

Part B: Charging Mechanisms

1. Milestone Payments

- 1.1 Subject to the provisions of Paragraph 1.3 of Part C in relation to the deduction of Delay Payments, on the Achievement of a Milestone the Supplier shall be entitled to invoice the Authority for the Milestone Payment associated with that Milestone less the applicable Milestone Retention in accordance with this Part B.
- 1.2 Each invoice relating to a Milestone Payment shall be supported by:
 - 1.2.1 a Milestone Achievement Certificate; and
 - 1.2.2 where the Milestone Payment is to be calculated by reference to a Guaranteed Maximum Price with Target Cost or Time and Materials pricing mechanism, a Certificate of Costs with Supporting Documentation.
- 1.3 The “**Milestone Retention**” for each Milestone shall be calculated as follows:
 - 1.3.1 where the Milestone Payment for the relevant Milestone is determined by reference to a Guaranteed Maximum Price with Target Cost pricing mechanism, 10% of the Target Price for the Milestone; or
 - 1.3.2 where the Milestone Payment for the relevant Milestone is determined by reference to a Time and Materials, Fixed Price or Firm Price pricing mechanism, 10% of the Charges for that Milestone,

and, in the case of a Key Milestone, prior to deduction from the Milestone Payment of any Delay Payment attributable to that Key Milestone and without taking account of any amount payable by the Supplier pursuant to Paragraph 1.2 of Part C.

Guaranteed Maximum Price with Target Cost pricing mechanism

- 1.4 Where a Milestone Payment relating to a single Milestone is to be calculated by reference to a Guaranteed Maximum Price with Target Cost pricing mechanism, then the following payment process shall apply:
 - 1.4.1 upon the issue of a Milestone Achievement Certificate for the Milestone, the Supplier may invoice the Authority for the Target Price for the relevant Milestone, less the Milestone Retention calculated using such Target Price; and
 - 1.4.2 no later than 60 Working Days after the invoice referred to in Paragraph 1.4.1 has been issued, the Supplier shall:
 - (a) submit to the Authority a report setting out the Incurred Costs and actual Milestone Payment for the Milestone;
 - (b) issue to the Authority an invoice or credit note 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);
 - (c) where a credit note is to be issued to the Authority pursuant to

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Paragraph 1.4.2(b), repay to the Authority a sum equal to such difference as a debt within 10 Working Days of issue of the credit note; and

- (d) issue a Certificate of Costs with Supporting Documentation, which shall exclude any accruals, prepayments and provisions.

1.4.3 Where Milestones are stated in Table 4 of Annex 1 to constitute a group of Milestones (a “**Milestone Group**”) and the Milestone Payments relating to the Milestones in that Milestone Group are each to be calculated by reference to a Guaranteed Maximum Price with Target Cost pricing mechanism, then the following payment process shall apply:

1.4.4 in respect of each Milestone within the Milestone Group, the Supplier may invoice the Authority for the Target Price for the relevant Milestone, less the Milestone Retention calculated using such Target Price, upon the issue of the associated Milestone Achievement Certificate; and

1.4.5 no later than 60 Working Days after the issue of the invoice for the final Milestone Payment relating to the Milestone Group, the Supplier shall:

- (a) submit to the Authority a report setting out the Incurred Costs and actual Milestone Payments for the Milestone Group;
- (b) issue to the Authority an invoice or credit note for the difference between the aggregate of the actual Milestone Payments payable and Target Prices invoiced for Milestones in the Milestone Group (in each case, after deducting all Milestone Retentions relating to that Milestone Group);
- (c) where a credit note is to be issued to the Authority pursuant to Paragraph 1.4.5(b), repay to the Authority a sum equal to such difference as a debt within 10 Working Days of issue of the credit note; and
- (d) issue a Certificate of Costs with Supporting Documentation, which shall exclude any accruals, prepayments and provisions.

1.5 If the Supplier does not repay any such sum as is referred to in Paragraph 1.4.2(b) or 1.4.5(b) 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.

1.6 Following the issue of a Certificate of Costs in accordance with Paragraph 1.2, 1.4.2(c) or 1.4.5(c), the Supplier shall not be entitled to invoice the Authority for any additional Charges relating to the Milestone or Milestone Group (as applicable) save as provided in Paragraph 1.7.

Release of Milestone Retentions

1.7 On Achievement of a CPP Milestone relating to the Supplier Solution or one or more Services (as the case may be), the Supplier shall be entitled to invoice the Authority for

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an amount equal to all Milestone Retentions that relate to Milestones identified in the “*CPP Milestone Charge Number*” column of Table 1 (or, in relation to Milestone Retentions in respect of Optional Services, Table 4) of Annex 2 and corresponding CPP Milestone Charge Number identified in Table 2 of Annex 4 of Schedule 14 (*Testing Procedures*) as being payable in respect of that CPP Milestone and have not been paid before such CPP Milestone.

2. Service Charges

2.1 Each Service to which a Service Charge relates shall commence on the Achievement of the Milestone set out against that Service in the “*Service Charge Trigger Event*” column of Table 2 of Annex 2.

2.2 Service Charges shall be invoiced by the Supplier for each Service Period in arrears in accordance with the requirements of Part E.

2.3 If a Service Charge is to be calculated by reference to a Fixed Price pricing mechanism and the relevant Service:

2.3.1 commences on a day other than the first day of a month; and/or

2.3.2 ends on a day other than the last day of a month,

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.

2.4 Any Service Credits that accrue during a Service Period shall be deducted from the Service Charges payable for the next following Service Period. An invoice for a Service Charge shall not be payable by the Authority unless all adjustments (including Service Credits) relating to the Service Charges for the immediately preceding Service Period have been agreed.

3. Optional Services

3.1 If the Authority gives notice pursuant to Clause 5.10 (*Optional Services*) that it requires the Supplier to provide any or all of the Optional Services:

3.1.1 the Milestone Payments (if any) for the relevant Optional Services shall be calculated by reference to the pricing mechanism for those Optional Services set out in Table 3 of Annex 2; and

3.1.2 the Service Charges for the relevant Optional Services shall be calculated by reference to the pricing mechanism for those Optional Services set out in Table 4 of Annex 2,

in both cases using the relevant rates and prices specified in Annex 1.

4. No Minimum Spend

4.1 The Supplier acknowledges and has submitted its tender on the understanding that no guarantee is given by the Authority in respect of levels or values of Services referred to in the Schedules which are indicative only and shall not be binding on the Authority. The Authority is not required to make any minimum spend, nor to order a minimum volume of

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Services or any part thereof, under this Contract.

5. Charges during any Extension Period(s)

- 5.1 Where the Authority exercises its rights under Clause 4.1.2 (*Term*) to extend the Initial Term for any Extension Period(s), the Charges that are payable to the Supplier during the relevant Extension Period shall be calculated on the same basis (including at the same rates of the Service Charges) as applied under this Schedule at the end of the Initial Term (or, if applicable, at the end of the previous Extension Period), subject to any indexation of the relevant Charges that may take place in accordance with the terms of Paragraph 5 of Part C of this Schedule during the relevant Extension Period.

Part C: Adjustments To The Charges And Risk Register

1. Delay Payments

- 1.1 If a Key Milestone has not been Achieved on or before the relevant Milestone Date, the Supplier shall pay a Delay Payment to the Authority in respect of that Key Milestone. Delay Payments shall accrue:
- 1.1.1 at the daily rate (the “**Delay Payment Rate**”) determined in accordance with Paragraph 1.2;
 - 1.1.2 from (but excluding) the relevant Milestone Date to (and including) the later of:
 - (a) the date on which the Key Milestone is Achieved; and
 - (b) the expiry of the Delay Deduction Period; and
 - 1.1.3 on a daily basis, with any part day’s Delay counting as a day.
- 1.2 Where a Delay Payment is payable in respect of a Key Milestone, the Delay Payment Rate shall be the amount set out in column 4 of Table 1 of Annex 2 for the Key Milestone.
- 1.3 Not Used
- 1.4 Not Used
- 1.5 Any amounts paid to the Authority pursuant to Paragraph 1.2 shall not be refundable to the Supplier in any circumstances, other than where both Parties have expressly agreed in writing that any amount(s) paid pursuant to Paragraph 1.2 have been paid in error by the Supplier.
- 1.6 The Parties agree that Delay Payments calculated in accordance with the applicable Delay Payment Rates are in each case a genuine pre-estimate of the Losses which the Authority will incur as a result of any failure by the Supplier to Achieve the relevant Key Milestone by the Milestone Date. Delay Payment Rates are stated exclusive of VAT.
- 1.7 The Delay Payment in respect of a Key Milestone shall be shown as a deduction from the amount due from the Authority to the Supplier in the next invoice due to be issued by the Supplier after the date on which the relevant Key Milestone is Achieved or the expiry of the Delay Deduction Period (as the case may be). If the relevant Key Milestone is not Achieved by the expiry of the Delay Deduction Period and no invoice is due to be issued by the Supplier within 10 Working Days of expiry of the Delay Deduction Period, then the Supplier shall within 10 Working Days of expiry of the Delay Deduction Period:
- 1.7.1 issue a credit note to the Authority in respect of the total amount of the Delay Payment in respect of the Key Milestone; and
 - 1.7.2 pay to the Authority as a debt a sum equal to the total amount of the Delay Payment in respect of the Key Milestone together with interest on such amount at the applicable rate under the Late Payment of Commercial Debts (Interest) Act 1998, accruing on a daily basis from (and including) the due date up to (but excluding) the date of actual payment, whether before or after judgment.

2. Payments for Delays due to Authority Cause

2.1 If the Supplier is entitled in accordance with Clause 29.1.3(c)(iv) (*Authority Cause*) to compensation for failure to Achieve a Milestone by its Milestone Date, then, subject always to Clause 23 (*Limitations on Liability*), such compensation shall be determined in accordance with the following principles:

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

- (a) can demonstrate it has incurred solely and directly as a result of the Authority Cause; and
- (b) is, has been, or will be unable to mitigate, having complied with its obligations under Clause 29.1 (*Authority Cause*),

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

2.1.2 the compensation shall not operate so as to put the Supplier in a better position than it would have been in but for the occurrence of the Authority Cause;

2.1.3 where the Milestone Payment for the relevant Milestone is to be calculated by reference to the Guaranteed Maximum Price with Target Cost pricing mechanism, then:

- (a) the Target Price for the Milestone shall be increased in accordance with the following formula:

$$NTP = TP + (AC \times 1x)$$

where:

NTP is the revised Target Price for the relevant Milestone;

TP is the original Target Price for the relevant Milestone;

AC is an amount equal to any additional Costs incurred by the Supplier in Achieving the Milestone to the extent that the Supplier can demonstrate that such additional Costs were caused by the Authority Cause; and

x is the Supplier Profit Margin that the Supplier would have received in respect of the relevant Milestone on the basis of the unadjusted Target Cost and unadjusted Target Price for that Milestone, as set out in Table 4 of Annex 1, expressed as a decimal; and

- (b) the Guaranteed Maximum Price shall be increased to an amount equal to 110% of the Target Price as adjusted pursuant to Paragraph 2.1.3(a);

2.1.4 where the relevant Milestone Payment is to be calculated based upon a Fixed

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Price or a Firm Price pricing mechanism, the compensation shall include such amount as is appropriate to maintain the Supplier Profit Margin set out in respect of the relevant Milestone in Table 5 or Table 6 of Annex 1; and

2.1.5 where the Milestone Payment includes any Charges which are capped, then to the extent that the compensation agreed pursuant to this Paragraph 2 results in the Authority paying additional Time and Materials Charges for resources or effort which the Supplier demonstrates are required as a result of the Authority Cause, such additional Time and Materials Charges shall be disregarded for the purposes of calculating the relevant cap.

2.2 The Supplier shall provide the Authority with any information the Authority may require in order to assess the validity of the Supplier's claim to compensation.

3. Service Credits

3.1 Service Credits shall be calculated by reference to the number of Service Points accrued in any one Service Period pursuant to the provisions of Schedule 3 (*Performance Levels*).

3.2 For each Service Period:

3.2.1 the Service Points accrued shall be converted to a percentage deduction from the Service Charges for the relevant Service Period on the basis of one point equating to a 1% deduction in the Service Charges; and

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

$$SC = TSP \times x \times AC$$

where:

SC is the total Service Credits for the relevant Service Period;

TSP is the total Service Points that have accrued for the relevant Service Period;

X is 1%; and

AC is the total Services Charges payable for the relevant Service Period (prior to deduction of applicable Service Credits).

3.3 The liability of the Supplier in respect of Service Credits shall be subject to Clause 23.4.3 (*Financial and other Limits*) provided that, for the avoidance of doubt, the operation of the Service Credit Cap shall not affect the continued accrual of Service Points in excess of such financial limit in accordance with the provisions of Schedule 3 (*Performance Levels*).

3.4 Service Credits are a reduction of the Service Charges payable in respect of the relevant Services to reflect the reduced value of the Services actually received and are stated exclusive of VAT.

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

4. Changes to Charges

- 4.1 Any Changes to the Charges shall be developed and agreed by the Parties in accordance with Schedule 22 (*Change Control Procedure*) and on the basis that the Supplier Profit Margin on such Charges shall:
- 4.1.1 be no greater than that applying to Charges using the same pricing mechanism as at the Effective Date (as set out in the Contract Inception Report); and
 - 4.1.2 in no event exceed the Maximum Permitted Profit Margin.
- 4.2 The Authority may request that any Impact Assessment presents Charges without Indexation for the purposes of comparison.

5. Indexation

- 5.1 Any amounts or sums in this Contract which are expressed to be “subject to Indexation” shall be adjusted in accordance with the provisions of this Paragraph 5 to reflect the effects of inflation.
- 5.2 The following costs, expenses, fees or charges included in the Charges shall not be subject to adjustment under this Paragraph 5 and shall not be included in the relevant amount or sum for the purposes of Paragraph 5.3:
- 5.2.1 Any costs charged by the Supplier to the Authority in respect of Assets or Authority Assets (including capital costs and installation, maintenance and support costs) which are incurred by the Supplier prior to the relevant adjustment date but which remain to be recovered through the Charges.
- 5.3 Notwithstanding any other provisions of this Schedule, amounts or sums in this Contract shall not be subject to Indexation during the first year following the first Operational Service Commencement Date (the “**Non-Indexation Period**”).
- 5.4 Where any amount or sum in this Contract is stated to be “subject to Indexation” then it will be indexed on the date which is one year after the end of the Non-Indexation Period to reflect the percentage change in the Relevant Index during that one year period immediately following the end of the Non-Indexation Period, provided that percentage change is no less than 1%. Subsequent adjustments shall take place on each following yearly anniversary to reflect the percentage change in the Relevant Index since the previous change, provided that percentage change is no less than 1%. For the avoidance of any doubt, and without prejudice to Paragraph 5.3, there shall be no indexation if the percentage change in the Relevant Index in respect of any period referred to in this Paragraph 5.4 is less than 1%.
- 5.5 Except as set out in this Paragraph 5, neither the Charges nor any other costs, expenses, fees or charges shall be adjusted to take account of any inflation, change to exchange rate, change to interest rate or any other factor or element which might otherwise increase the cost to the Supplier or Sub-contractors of the performance of their obligations.

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- 5.6 Any adjustment to the Charges that is made under this Paragraph 5 will only become effective from the date that the relevant Indexation adjustment takes place in accordance with this Paragraph 5, and there will no backdating of any adjustments to the Charges pursuant to this Paragraph 5.
- 5.7 Where the price index referred to in Paragraph 5.4:
- 5.7.1 used to carry out an indexation calculation is updated (for example due to it being provisional) then the indexation calculation shall also be updated unless the Buyer and the Supplier agree otherwise; or
 - 5.7.2 is no longer published, the Buyer and the Supplier shall agree an appropriate replacement index which shall cover to the maximum extent possible the same economic activities as the original index.

6. Allowable Assumptions

- 6.1 The Supplier shall determine whether each Allowable Assumption is accurate within its Verification Period.
- 6.2 During each Verification Period, the Authority shall provide the Supplier with reasonable assistance and access to information within its possession or reasonable control and which the Authority deems is relevant to the Allowable Assumption being verified.
- 6.3 Within 10 Working Days of the end of each Verification Period, the Supplier shall provide the Authority with a written report setting out the results of the Supplier's verification activity for the relevant Allowable Assumption, including whether the Allowable Assumption is accurate or whether the Implementation Plan and/or the Contract Inception Report require adjustment.
- 6.4 Each Allowable Assumption shall be deemed accurate unless adjusting for the relevant Allowable Assumption has an impact:
- 6.4.1 on the Financial Model greater than the associated trigger for invocation, as set out in column 9 of the table in Annex 5; or
 - 6.4.2 on the Implementation Plan which would require adjustment under the Change Control Procedure, as identified in column 3 of the table in Annex 5,
- in which case Paragraph 6.5 shall apply.
- 6.5 Where the Parties agree that an Allowable Assumption is not accurate and the Financial Model and/or Implementation Plan require adjusting:
- 6.5.1 the Supplier shall take all reasonable steps to mitigate the impact of the Allowable Assumption on the Financial Model and/or the Implementation Plan;
 - 6.5.2 the Supplier may (subject to Paragraph 6.5.3) propose a Change to take account of the impact of the adjustment of the Allowable Assumption and such Change Request shall be considered in accordance with the Change Control Procedure; and
 - 6.5.3 where the Supplier proposes a Change to the Charges under Paragraph 6.5.2, the Change Request shall reflect the requirements of the table in Annex 5,

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including the requirement that any proposed adjustment to the Charges shall not exceed the maximum impact on the relevant Charges as specified in column 7 of the table in Annex 5.

7. Risk Register

- 7.1 The Parties shall review the Risk Register set out in Annex 4 from time to time and as otherwise required for the purposes of Schedule 21 (*Governance*).

Part D: Excessive Supplier Profit Margin

1. Limit on Supplier Profit Margin

- 1.1 The Supplier acknowledges that the Achieved Profit Margin applicable over the Term shall not exceed the Maximum Permitted Profit Margin.
- 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 is made up and the provisions of Paragraph 2 of Part B of Schedule 19 (*Financial Reports and Audit Rights*) shall apply to the approval of the Annual Contract Report.

2. Adjustment to the Charges in the Event of Excess Supplier Profit

- 2.1 If an Annual Contract Report demonstrates (or it is otherwise determined pursuant to Paragraph 2 of Part B of Schedule 19 (*Financial Reports and Audit Rights*)) that the Achieved Profit Margin as at the end of the Contract Year to which the Annual Contract Report is made up exceeds the Maximum Permitted Profit Margin:
 - 2.1.1 the Supplier shall, within 5 Working Days of delivery to the Authority of the Annual Contract Report, propose such adjustments to the Charges as will ensure that the Achieved Profit Margin both over the Contract Year to which the next Annual Contract Report will relate and over the Term will not exceed the Maximum Permitted Profit Margin;
 - 2.1.2 the Authority (acting reasonably) may agree or reject the proposed adjustments;
 - 2.1.3 if the Authority rejects the proposed adjustments it shall give reasons and the Supplier shall propose revised adjustments within 10 Working Days of receiving those reasons; and
 - 2.1.4 if the Parties cannot agree such revised adjustments and the Authority terminates this Contract by issuing a Termination Notice to the Supplier pursuant to Clause 31.1.1 (*Termination by the Authority*), then for the purpose of calculating any Compensation Payment due to the Supplier, the Termination Notice shall be deemed to have been served as at the date of receipt by the Authority of the relevant Annual Contract Report.
- 2.2 Pending agreement of a proposed adjustment to the Charges pursuant to this Part D, the Charges then in force shall continue to apply. Once the adjustments to the Charges are agreed in accordance with Paragraph 2.1, the Parties shall document the adjustment in a Change Authorisation Note and the adjusted Charges shall apply with effect from the first day of the Service Period that immediately follows the Service Period in which the Change Authorisation Note is executed or such other date as is specified in the Change Authorisation Note.

Part E: Invoicing and Payment Terms

1. Supplier Invoices

- 1.1 The Authority shall accept for processing any electronic invoice that complies with the European Standard, provided that it is valid and undisputed.
- 1.2 If the Supplier proposes to submit for payment an invoice that does not comply with the European standard the Supplier shall:
 - 1.2.1 comply with the requirements of the Authority's e-invoicing system;
 - 1.2.2 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 1.3 together with such other information as the Authority may reasonably require to assess whether the Charges that will be detailed therein are properly payable; and
 - 1.2.3 make such amendments as may be reasonably required by the Authority if the template invoice outlined in 1.2.2 is not approved by the Authority.
- 1.3 The Supplier shall ensure that each invoice is submitted in the correct format for the Authority's e-invoicing system, or that it contains the following information:
 - 1.3.1 the date of the invoice;
 - 1.3.2 a unique invoice number;
 - 1.3.3 the Service Period or other period(s) to which the relevant Charge(s) relate;
 - 1.3.4 the correct reference for this Contract;
 - 1.3.5 the reference number of the purchase order to which it relates (if any);
 - 1.3.6 the dates between which the Services subject of each of the Charges detailed on the invoice were performed;
 - 1.3.7 a description of the Services;
 - 1.3.8 the pricing mechanism used to calculate the Charges (such as Guaranteed Maximum Price with Target Cost, Fixed Price, Time and Materials);
 - 1.3.9 any payments due in respect of Achievement of a Milestone, including the Milestone Achievement Certificate number for each relevant Milestone;
 - 1.3.10 the total Charges gross and net of any applicable deductions and, separately, the amount of any Reimbursable Expenses properly chargeable to the Authority under the terms of this Contract, and, separately, any VAT or other sales tax payable in respect of each of the same;
 - 1.3.11 details of any Service Credits or Delay Payments or similar deductions that shall apply to the Charges detailed on the invoice;
 - 1.3.12 reference to any reports required by the Authority in respect of the Services to which the Charges detailed on the invoice relate (or in the case of reports

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issued by the Supplier for validation by the Authority, then to any such reports as are validated by the Authority in respect of the Services);

- 1.3.13 a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries;
 - 1.3.14 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
 - 1.3.15 where the Services have been structured into separate Service lines, the information at 1.3.1 to 1.3.14 of this Paragraph 1.3 shall be broken down in each invoice per Service line.
- 1.4 The Supplier shall invoice the Authority in respect of Services in accordance with the requirements of Part B. The Supplier shall first submit to the Authority a draft invoice setting out the Charges payable. The Parties shall endeavour to agree the draft invoice within 5 Working Days of its receipt by the Authority, following which the Supplier shall be entitled to submit its invoice.
- 1.5 Each invoice shall at all times be accompanied by Supporting Documentation. Any assessment by the Authority as to what constitutes Supporting Documentation shall not be conclusive and the Supplier undertakes to provide to the Authority any other documentation reasonably required by the Authority from time to time to substantiate an invoice.
- 1.6 All invoices must be provided to the Authority within three (3) calendar months of completion of delivery of the relevant Services to which the invoice relates. Subject to Paragraphs 1.7 to 1.9, all invoices delivered after expiry of this period shall be invalid and the Customer Authority shall have no obligation or liability in respect of such invoices.
- 1.7 In the event the Supplier is unable to deliver a valid invoice to the Authority within ten (10) Working Days of the relevant date specified in accordance with the requirements of Part B, the Supplier shall promptly notify the Authority, providing full details of the relevant Charges which it has not been able to invoice ("**Uninvoiced Charges**").
- 1.8 The Supplier shall:
- 1.8.1 provide an Outstanding Charges Report within 15 Working Days of the end of each calendar month; and
 - 1.8.2 ensure details of the Uninvoiced Charges are set out in the next version of the Outstanding Charges Report and in any event within three (3) calendar months of completion of delivery of the relevant Services to which the Uninvoiced Charges relate.
- 1.9 The Supplier's Finance Director (or equivalent) shall provide a letter to the Authority's Finance Business Partner within ten (10) Business Days of delivering the Outstanding Charges Report for March in each Contract Year, appending a copy of that report and confirming that:
- 1.9.1 Charges for all Services provided under this Agreement up until the end of February have been properly invoiced in accordance with this Part E; or
 - 1.9.2 Charges for all Services provided under this Agreement up until the end of

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February have been invoiced in accordance with Part E apart from those specifically identified as not invoiced in the Outstanding Charges Report as further clarified by additional information set out in the letter, such additional information to provide sufficient detail of the Services that are to be invoiced to enable the Authority to make a reasonable estimate of Charges which are likely to be invoiced including: (i) details of the relevant Services, (ii) the reasons why this information cannot be provided for these Services, (iii) where known, an estimate of the level of Charges to be invoiced for these Services, and (iv) proposals for resolving the issues and proposed timescales for invoicing the Charges for these Services.

- 1.10 The Parties shall work together in good faith to agree a plan to resolve the issues raised under Paragraph 1.9 and agree a timetable for invoicing these services. In the event that the Parties fail to agree such a plan and timetable within thirty (30) days of the date of the letter or the Supplier fails to implement the agreed actions within the agreed timescales then the Supplier shall only be entitled to raise an invoice for charges related to such services in accordance with the process described in Paragraphs 1.11 to 1.12.
- 1.11 The Supplier shall only be entitled to raise an invoice in respect of any Uninvoiced Charges where the Supplier has notified and invoiced the Authority for such Charges in accordance with the timescales set out in Paragraph 1.8. Invoices delivered after expiry of this period, or which relate to Uninvoiced Charges that have not been notified to the Authority within this period, shall be invalid and the Authority shall have no liability in respect of such invoices or the associated Charges.
- 1.12 The Supplier shall only be entitled to include Uninvoiced Charges within the Outstanding Charges Report during the period when the Supplier is entitled to raise a valid invoice for those Charges in accordance with Paragraph 1.8 and the Supplier shall remove any Uninvoiced Charges from the Outstanding Charges Report that remain uninvoiced following expiry of that period.
- 1.13 The Supplier shall submit all invoices and Supporting Documentation through the Authority's electronic system ("Basware") or if that is not possible to:
- 1.14 By email to: APinvoices-DWP-U@gov.sscl.com and SDD.servicecostmgt@dwp.gov.uk, or by post to: Department for Work and Pensions, PO Box 406, SSCL, Phoenix House, Celtic Springs Business Park, Newport, NP10 8FZ.
- 1.15 with a copy (again including any Supporting Documentation) to such other person and at such place as the Authority may notify to the Supplier from time to time.
- 1.16 All Supplier invoices shall be expressed in sterling or such other currency as shall be permitted by the Authority in writing.
- 1.17 The Authority shall regard an invoice as valid only if it complies with the provisions of this Part E. Where any invoice does not conform to the Authority's requirements set out in this Part E, 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.
- 1.18 If the Authority fails to consider and verify an invoice in accordance with Paragraphs 1.4 and 1.17, the invoice shall be regarded as valid and undisputed for the purpose of Paragraph 2.1 after a reasonable time has passed (not less than three (3) months).

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2. Payment Terms

- 2.1 Subject to the relevant provisions of this Schedule, the Authority shall make payment to the Supplier within thirty (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 in sterling by electronic transfer of funds to the bank account that the Supplier has specified on its invoice.

Annex 1: Pricing Mechanism

1. **Table 1: Supplier Personnel Rate Card for Calculation of Time and Materials Charges**
[Table redacted Under FOIA Section 43, Commercial Interests]
2. **Table 2: Maximum Time and Materials Charges**
[Table redacted Under FOIA Section 43, Commercial Interests]
3. **Table 3: Day Cost for Calculation of Guaranteed Maximum Price with Target Cost Charges**
[Table redacted Under FOIA Section 43, Commercial Interests]
4. **Table 4: Guaranteed Maximum Price with Target Costs Charges**
[Table redacted Under FOIA Section 43, Commercial Interests]
5. **Table 5: Fixed Prices**
[Table redacted Under FOIA Section 43, Commercial Interests]
6. **Table 6: Firm Prices**
[Table redacted Under FOIA Section 43, Commercial Interests]
7. **Table 7: Volume Charges**
[Table redacted Under FOIA Section 43, Commercial Interests]

Annex 2: Charging Mechanism and Adjustments

1. Table 1: Milestone Payments and Delay Payments

[Table redacted Under FOIA Section 43, Commercial Interests]

2. Table 2: Service Charges

[Table redacted Under FOIA Section 43, Commercial Interests]

3. Table 3: Optional Services Milestone Payments

[Table redacted Under FOIA Section 43, Commercial Interests]

4. Table 4: Optional Services Service Charges

[Table redacted Under FOIA Section 43, Commercial Interests]

Annex 3: 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 Contract] (the “**Contract**”) in relation to the following [Milestone/Milestone Group]:

[insert details of Milestone/Milestone Group]

1. has been reasonably and properly incurred in accordance with [name of Supplier]’s books, accounts, other documents and records;
2. is accurate and not misleading in all key respects; and
3. is in conformity with the Contract and with all generally accepted accounting principles within the United Kingdom.

Signed [Director of Finance or equivalent]

[Name of Supplier]

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Annex 4: Risk Register

Risk #	Risk Name	Description of risk	Timing	Likelihood	Impact (£)	Impact (description)	Mitigation (description)	Cost of mitigation	Post-mitigation impact (£)	Forecast Contingency Costs	Owner
[Redacted Under FOIA Section 43, Commercial Interests]											

Annex 5: Allowable Assumptions

1. In this Annex 5 (and without prejudice to Paragraphs 1.1 and 1.2 of Schedule 1 (*Definitions*)), the following terms have the meanings given to them below:
 - 1.1 **"Load and Failover Testing"** is the process of putting demand on a structure or system and measuring its response and which validates a system's capacity during a system failure to allocate sufficient resources toward recovery. The test will determine whether the Supplier System has the capacity in the event of any kind of abnormal termination or failure to handle necessary extra resources and move operations to backup systems; and
 - 1.2 **"User acceptance testing"** or **"UAT"** consists of a process of verifying that a solution works for the user. It is not system testing (ensuring software does not crash and meets documented requirements) but rather ensures that the solution will work for the user (i.e. tests that the user accepts the solution).

#	Description of proposed Allowable Assumption	Impact on the Implementation Plan	Cost Impact (max, min & likely value)	Basis of Calculation of Cost Impact	Applicable Profit Margin	Charge Impact (max, min & likely value)	Verification Method	Trigger for Invocation	Period of Impact	Expiry Date
[Redacted Under FOIA Section 43, Commercial Interests]										