

OFFICIAL - SENSITIVE - COMMERCIAL

HMRC Standard Goods and Services Model Contract v1.0

SCHEDULE 7.1

CHARGES AND INVOICING (Fixed Price Cost Model)

Charges and Invoicing

1 DEFINITIONS

In this Schedule, the following definitions shall apply:

- “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;
- “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 Man Day, 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 UKGAAP, 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. In both cases limited to the charges to the profit and loss account (such as

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	depreciation or amortisation) according to generally accepted accounting principles within the UK;
	(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 incurred in delivering the Services in accordance with Paragraph 3 of Part A of Schedule 7.1 (Charges and Invoicing) but excluding: <ul style="list-style-type: none">(i) Overhead;(ii) financing or similar costs;(iii) 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;(iv) taxation;(v) fines and penalties;(vi) any amounts payable to the Authority as Service Credits and Delay Payments;(vii) any amounts payable under Schedule 7.3 (<i>Value For Money</i>); and(viii) non-cash items (including depreciation, amortisation, impairments and movements in provisions);
“Man Day”	8 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;
“Milestone Retention”	has the meaning given in Paragraph Error! Reference source not found. of Part B;
“Overhead”	those amounts which are intended to recover a

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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";

"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:

- (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;

"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;

PART A: PRICING

1 INTRODUCTION

1.1 This Schedule 7.1 (*Charges and Invoicing*) is to set out the provisions relating to:

- (a) Service Charges;
- (b) adjustments to the Charges, including Service Credits, Delay Payments and payments for Delays due to Authority Cause;
- (c) changes to the Charges and;
- (d) invoicing and payment terms.

2 FIXED PRICE MILESTONE PAYMENTS OR SERVICE CHARGES

2.1. Where the Financial Model 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 the Financial Model.

3 CAPITAL ASSETS

3.1. If the Supplier procures on behalf of the Authority any capital assets from third parties on a pass-through basis, the Supplier shall not be entitled to apply any margin to the costs charged by such third parties to the Supplier in its pass-through charge to the Authority.

PART B: CHARGING MECHANISMS

1 SERVICE CHARGES

- 1.1 Each Service to which a Service Charge relates shall commence on the Operational Service Commencement Date which for the purposes of this Agreement shall mean 9th October 2021.
- 1.2 If the relevant Service commences on a day other than the first day of a month; and/or 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.
- 1.3 Service Charges shall be invoiced by the Supplier monthly in arrears in accordance with the requirements of Part E.

PART C: ADJUSTMENTS TO THE CHARGES

1 DEFINITIONS

In this Part C, the following definitions shall apply:

“Delay Payment Rate” has the meaning given in Paragraph **Error! Reference source not found.** of this Part.

2 SERVICE CREDITS

- 2.1 Any Service Credits that accrue during a Service Period shall be calculated in the following Service Period and shall be deducted from the Services Charges in such next Service Period. For the avoidance of doubt, by way of a worked example, in respect of the Services performed in Service Period 1, the total number of Service Points accumulated in Service Period 1 shall be calculated during Service Period 2 and the resulting Service Credits shall be deducted from the invoice relating to Service Period 2. Where any Service Credits would have otherwise been due in the final Service Period, the Supplier shall issue a credit note to the Authority in the month following the final Service Period and make payment to the Authority to the value of such credit note within 10 Working Days of issue of the credit note. 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 CHANGES TO CHARGES

- 3.1 Any changes to the Charges shall be developed and agreed by the Parties in accordance with Schedule 8.3 (*Change Control Procedure*).

PART D: COST MODEL

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PART E: INVOICING AND PAYMENT TERMS

1 SUPPLIER INVOICES

- 1.1 The Supplier agrees and acknowledges that it shall not raise an invoice without having procured a purchase order number generated with HMRC's e-Portal trading system (myBUY) in accordance with Clause 10.2 of this Agreement and that discrete purchase order numbers shall be used in respect of each Service and each Order.
- 1.2 The Supplier shall prepare and provide to the Authority for approval of the format a template invoice within ten (10) Working Days of the Operational Service Commencement 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. 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.
- 1.3 The Supplier shall ensure that each invoice contains the following information:
- (a) the date of the invoice;
 - (b) a unique invoice number;
 - (c) the Service Period or other period(s) to which the relevant Charge(s) relate;
 - (d) the correct reference for this Agreement;
 - (e) subject to Clause 10.2 of this Agreement the reference number of the purchase order to which it relates;
 - (f) the dates between which the Services that are the subject of each of the Charges detailed on the invoice were performed;
 - (g) a description of the Services;
 - (h) any payments due in respect of Achievement of a Milestone, including the Milestone Achievement Certificate number for each relevant Milestone;
 - (i) 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 Agreement, and, separately, any VAT or other sales tax payable in respect of each of the same;
 - (j) reference to any reports and/or Supporting Documentation required by the Authority in respect of the Services to which the Charges detailed on the invoice relate (or in the case of reports issued by the Supplier for validation by the Authority, then to any such reports as are validated by the Authority in respect of the Services);

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- (k) a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries;
 - (l) 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);
 - (m) For Service Charges charged on a Fixed Price Mechanism, the invoice shall contain the "top line" detail of the relevant Service; and
 - (n) for Service Charges charged on a consumption basis, the Supplier shall use the measurement period from the 1st of the preceding Service Period to the final day of the Service Period to which the invoice relates.
- 1.4 The Supplier shall invoice the Authority in respect of Services in accordance with the requirements of Part B. The Authority has implemented an Ariba based electronic transaction system (myBUY). Each invoice to be submitted in accordance with this Part E shall be submitted, as directed by the Authority from time to time, via the Authority's electronic transaction system.
- 1.5 All Supplier invoices shall be expressed in sterling or such other currency as shall be permitted by the Authority in writing.
- 1.6 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.
- 1.7 If the Authority fails to consider and verify an invoice in accordance with Paragraphs **Error! Reference source not found.** and 1.6, the invoice shall be regarded as valid and undisputed for the purpose of Paragraph 2.1(*Payment in 30 days*) after a reasonable time has passed.
- 1.8 Where applicable the Supplier may only raise invoices as follows:
- (a) In respect of Milestones (both in respect of Transition and Termination Services), no earlier than the Achievement of the relevant Milestone; and
 - (b) For Service Charges no earlier than the second Working Day of the Service Period following the Service Period to which the Charge relates.
- 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: FINANCIAL MODEL

FIXED PRICES

ANNEX 2: CHARGING MECHANISM AND ADJUSTMENTS**TABLE 1: MILESTONE PAYMENTS AND DELAY PAYMENTS - Not Applicable**

Service Component	Charge Number	CPP Milestone Charge Number	Delay Payments (if Key Milestone) (£ per day)		
			<3 months' notice	3-6 months' notice	>6 months' notice
	[e.g. M1]	[e.g. M2]			
	[e.g. M2]	[e.g. M2]			

TABLE 2: SERVICE CHARGES See Cost Model Annex 4

Service Component	Charge Number	Service Charge Trigger Event	Service Charge Expiration Trigger Event
	[e.g. SC1]	[e.g. Achievement of Milestone 4]	
	[e.g. SC2]		

TABLE 3: OPTIONAL SERVICES MILESTONE PAYMENTS

Service Component	Charge Number	CPP Milestone Charge Number	Delay Payments (if Key Milestone)
	[e.g. OMS1]	[e.g. OMS2]	
	[e.g. OMS2]	[e.g. OMS2]	

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TABLE 4: OPTIONAL SERVICES SERVICE CHARGES - NOT APPLICABLE

Service Component	Charge Number	Service Charge Trigger Event	Service Expiration Event	Charge Trigger
	[e.g. OSC1]	[e.g. Achievement of Milestone 6]		
	[e.g. OSC2]			

ANNEX 3: PRO-FORMA CERTIFICATE OF COSTS - NOT APPLICABLE

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]

- 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]

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ANNEX 4: COST MODEL

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ANNEX 5: ALLOWABLE ASSUMPTIONS - NOT APPLICABLE