



Home Office

AUTHORITY: The Secretary of State for the Home Department

SCHEDULE 6
PRICING, PAYMENT AND INVOICING

Front End Services (FES) UK

CONTENTS

1.	INTRODUCTION	2
2.	OVERVIEW	2
3.	MILESTONE PAYMENTS	2
4.	TRANSITION PAYMENTS	3
5.	SERVICE PAYMENTS/CREDIT NOTES	3
6.	MONTHLY PAYMENT	4
7.	SERVICE CREDITS	4
8.	RECONCILIATION	4
9.	LIQUIDATED DAMAGES	5
10.	INDEXATION	5
11.	INVOICING PROCEDURE	5
12.	CONTRACT EXTENSION	7
13.	RISK REGISTER	7
	ANNEX 6-1 PAYMENTS	8
	ANNEX 6- 2: RISK REGISTER FOR THE PRICES AND CHARGES	10

1. INTRODUCTION

- 1.1 This Schedule 6 (Pricing, Payment and Invoicing) sets out the Service Payments/Credit Notes (SP) and the pricing, payment and invoicing principles that apply to them.

2. OVERVIEW

- 2.1 Save as otherwise stated below in this Schedule 6 the Supplier shall provide the Services in consideration of the Authority paying or receiving, as appropriate, the SP set out in this Schedule 6.
- 2.2 The Authority shall not be liable for any charges in addition to those set out in this Schedule 6.
- 2.3 This Schedule 6 sets out:
- a) the breakdown of each element of the Mobilisation Payments, Transition Payments and SP;
 - b) adjustments for performance;
 - c) indexation; and
 - d) the invoicing procedure.

3. MILESTONE PAYMENTS

- 3.1 There are four Milestones, three of which crystallise into a Milestone Payment. The fourth Milestone identifies the end of the Transition Period but there is no payment attached to this. The Milestone Payments are payable in accordance with Clause 6.9 and are set out in Table 1 in Annex 6-1 of this Schedule 6.
- 3.2 The following three Mobilisation Payments will be payable to the Supplier on the issue of the Milestone Achievement Certificate, following the successful completion of the following three individual Milestones detailed within Schedule 5 (Implementation (Mobilisation and Transition)):
- i. Milestone Payment 1 – “Mobilisation, Commencement of End to End Testing.” Payable subject to the Supplier’s successful achievement of Milestone Definition Document 1 and associated Documentary Deliverables outlined in Schedule 5 and subsequent issuance of the Milestone Achievement Certificate by the Authority.
 - ii. Milestone Payment 2 – “Mobilisation, Successful completion of End to End Testing.” Payable subject to the Supplier’s successful achievement of Milestone Definition Document 2 and associated Documentary

Deliverables outlined in Schedule 5 and subsequent issuance of the Milestone Achievement Certificate by the Authority.

- iii. Mobilisation Payment 3 – “Transition, Approval to Operate.” Payable subject to the Supplier’s successful achievement of Milestone Definition Document 3 and associated Documentary Deliverables outlined in Schedule 5 and subsequent issuance of the Milestone Achievement Certificate by the Authority.

3.3 Mobilisation Payments are in nominal terms.

4. TRANSITION PAYMENTS

4.1 The Transition Period is the period between the start of Milestone 3 and the successful completion of Milestone 4. During the Transition Period, Transition Payments will be payable in accordance with paragraph 11 Invoicing Procedure. Transition Payments are set out in Table 1 in Annex 6-1 of this Schedule.

4.2 Milestone 4 - “Transition Fully Complete” will be achieved subject to the Supplier’s successful achievement of Milestone Definition Document 4 and associated Documentary Deliverables outlined in Schedule 5. Subject to the above the Authority will issue a Milestone Achievement Certificate associated with the achievement of Milestone 4.

4.3 Transition Payments are bid in nominal terms.

BIDDER NOTE: To the extent that the Transition Period extends beyond two months, no further payments, above the two Transition Payments set out in Table 1 in Annex 6-1 of this Schedule 6, will be due.

5. SERVICE PAYMENTS/CREDIT NOTES

5.1 The Service Payment/Credit Note (SP) shall be payable on a monthly basis during the Operating Period and is calculated in accordance with the following formula:

$$SP = MP_n + SC_{n-1}$$

Where

SP = Service Payment or Credit Note

MP_n = Monthly Payment in current month

SC_{n-1} = Service Credits, as calculated in accordance with Paragraph 6.

5.2 In any Contract Month when MP_n is a positive amount the value of SP shall be presumed to be £0 and instead a Credit Note shall be issued to the Authority by the Supplier. The Credit Note shall be for an amount equal to MP_n+SC_{n-1}.

5.3 On a bi-annual basis the Credit Notes shall be reconciled in accordance with paragraph 8 (Reconciliation) and an invoice will be issued to the Supplier by the Authority to enable the Supplier to pay to the Authority an amount equal to the sum of all Credit Notes issued in accordance with paragraph 5.2 in the previous six months.

- 5.4 The Credit Note will be raised in accordance with paragraph 11 (Invoicing Procedure).

6. MONTHLY PAYMENT

- 6.1 The Monthly Payment (MP) is payable by the Authority or the Supplier, as appropriate, each Contract Month during the Operating Period. The MP is calculated in accordance with the following formula:

$$MP_n = (MP_U + (MP_I \times IF))$$

Where

MP_n = MP in current month

MP_U = the unindexed portion of the MP for the current month as set out in Table 2 in Annex 6-1 of this Schedule 6

MP_I = the indexed portion of the MP for the current month as set out in Table 2 in Annex 6-1 of this Schedule 6

IF = the Indexation Factor, calculated in accordance with paragraph 10 (Indexation).

- 6.2 To the extent that the Service Period commences part way through a month, MP_1 will be prorated in accordance with the following formula:

$$MP_{1PR} = (MP_1) \times (n/m)$$

Where

MP_{1PR} = MP_1 prorated

MP_1 = Monthly Payment 1, in accordance with Table 2

n = the number of business days remaining in month

m = business days in the month.

7. SERVICE CREDITS

- 7.1 The amount of Service Credits in any Contract Month is calculated in accordance with paragraph 5 of Schedule 7 (Performance Level (KPIs)).

8. RECONCILIATION

- 8.1 To the extent that the calculation of SP within paragraph 5 results in a Credit Note being due to the Authority, a reconciliation shall be performed on a bi-annual basis in accordance with paragraph 8.2.
- 8.2 The Reconciliation Amount shall be the sum of the calculated Credit Notes within the preceding six Contract Months.

- 8.3 The Authority shall issue an invoice to the Supplier in accordance with the process set out in paragraph 11 (Invoicing Procedure) to enable payment of the Reconciliation Amount.

9. LIQUIDATED DAMAGES

- 9.1 To the extent that the Supplier achieves successful completion of Milestone 4 later than the Milestone Date, Delay Payments will be payable by the Supplier to the Authority in accordance with paragraph 9.2.
- 9.2 For each month between the Milestone Date and its actual achievement, Delay Payments will be due to the Authority and each delay payment shall be equal to [Redacted due to commercial sensitivity]

10. INDEXATION

- 10.1 The Indexation Factor (IF) calculates the total inflationary increase to be applied to the indexed portion of the MP. The Base Date means 28th February 2018.
- 10.2 The IF is calculated from the Base Date, as set out in the formula below:

$$IF_{1...n} = CPI_{1...n} / CPI_{\text{February 2018}}$$

Where

$IF_{1...n}$ is the Indexation Factor for year (1...n) where $n=1$, is the first Contract Year from April 2019, $n=2$ is the second Contract Year from April 2020, etc

$CPI_{1...n}$ is the CPI published in the February preceding the start of the Contract Year

$CPI_{\text{February 2018}}$ is the CPI published for February 2018.

11. INVOICING PROCEDURE

- 11.1 This paragraph 11 sets out the method by which the Supplier shall raise invoices or credit notes to the Authority for payment, together with the requirements which apply to such invoices or credit notes, and the payment terms thereof.
- 11.2 Invoicing cycle:
- a) By the first day of a Contract Month, excluding the first Contract Month, the Supplier shall raise a draft invoice in relation to the SP and a separate draft invoice in relation to any Mobilisation or Transition, appropriately payable in accordance with paragraph 3, from the previous Contract Month. If applicable, the Supplier shall raise a credit note, equal to the Reconciliation Amount, on the first day of the seventh Contract Month, and every six Contract Months thereafter.

- b) The Authority shall review and agree with the Supplier the draft invoice or credit note raised in accordance with paragraph 11 above by the 20th day of the Contract Month in which it was issued.
- c) Following the Authority's approval of the draft invoice or credit note in accordance with paragraph 11 above, the Supplier shall raise a final invoice or credit note by the 24th day of the Contract Month in which approval was received.
- d) The Authority or Supplier shall pay the final invoice or credit note by the 28th day of the Contract Month in which it was received.

11.3 Supplier Invoices or Credit Notes

- a) The Supplier shall be entitled to raise an invoice or credit note in respect of any payments which falls payable to the Supplier or to the Authority pursuant to the Agreement. The Supplier shall ensure that each invoice or credit note contains the following information:
 - i. the date;
 - ii. a unique invoice/credit note number;
 - iii. the calendar month/calendar months to which the relevant SP relate;
 - iv. details of the correct Agreement reference;
 - v. the methodology applied to calculate the SP and the supporting calculations based on the methodology applied;
 - vi. details of any indexation applied pursuant;
 - vii. the total SP gross and net of any applicable Service Credits properly chargeable to the Authority under the terms of the Agreement and, separately, any VAT or other sales tax payable in respect of the same;
 - viii. reference to any Reports required by the Authority in respect of the Services to which the SP detailed on the invoice or credit note 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);
 - ix. a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries; and
 - x. the banking details for payment to the Supplier or to the Authority via electronic transfer of funds (i.e., name and address of bank, sort code, account name and number).

- 11.4 The Supplier shall submit all invoices or credit notes and Supporting Documentation to:

Shared Service Centre, PO Box 5015, Newport, Gwent, NP20 9BB.

With a copy sent via electronic mail to:

Post-room-rescan@homeoffice.gsi.gov.uk

Duplicate electronic copies of each and every invoice or credit note shall also be provided simultaneously to the Authority's Named Representatives at the address below:

Mr Jason Hinton, The UK Home Office, 8th Floor Southern House, Wellesley Grove, Croydon. CR9 1DY.

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.

- 11.5 The Authority shall only regard an invoice or credit note as valid if it complies with the provisions of this paragraph 11. Where any invoice does not conform to the Authority's requirements set out in paragraphs 11.3 and 11.4 above, the Authority may return the disputed invoice or credit note to the Supplier. The Supplier shall promptly issue a replacement invoice which shall comply with the same.

12. CONTRACT EXTENSION

- 12.1 If the Contract Term is extended beyond the Initial Term in accordance with Clause 4.1 (b) of the Terms and Conditions, the Parties shall calculate and in good faith agree the revised SP for the period of such extension based upon the Supplier's actual or reasonably predicted costs of fulfilling the Services during the period of such extension. This review process may result in the SP being increased or decreased. If agreement is not reached before such extension, payment shall continue on the basis of the average SP applicable to the preceding year, as adjusted for inflation in accordance with this Schedule 6 until agreement or resolution.

13. RISK REGISTER

- 13.1 The Parties shall review the Risk Register set out in Annex 6-2 (Risk register for the prices and charges) from time to time and as otherwise required for the purposes of Schedule 8 (**Governance and Contract Management**).
- 13.2 The Supplier is required to identify and submit risks for inclusion on the Risk Register in accordance with Schedule 8 (Governance and Contract Management). Submission of a risk does not entitle the Supplier to any waiver of rights or liabilities for such a risk unless it has been ratified in accordance with Schedule 8.

ANNEX 6-1 PAYMENTS

All Payments are in GBP.

Table 1: Milestone and Transition Payments

The nominal Milestone and Transition Payments are shown in Table 1.

SS Response:

Payment	Month	Payment amount
Milestone Payment 1	July 2018	[Redacted due to commercial sensitivity]
Milestone Payment 2	September 2018	
Milestone Payment 3	September 2018	
Transition Payment 1	September 2018	
Transition Payment 2	October 2018	

BIDDER NOTE: Transition Payments 1 and 2 represent recovery for partial delivery of services during the ramp up of operations during Transition. Therefore, the Authority expects that these payments will be representative of a transition profile and less than a MP during the Operating Period.

Table 2: Monthly Payment

The indexed and unindexed portions of the MP are shown in in Table 2.

SS Response:

MP number	Month	Indexed portion of the real MP (MP _I)	Unindexed portion of the real MP (MP _U)
MP1	November 2018	[Redacted due to commercial sensitivity]	
MP2	December 2018		
MP3	January 2019		
MP4	February 2019		
MP5	March 2019		
MP6	April 2019		
MP7	May 2019		
MP8	June 2019		
MP9	July 2019		
MP10	August 2019		
MP11	September 2019		
MP12	October 2019		
MP13	November 2019		
MP14	December 2019		
MP15	January 2020		
MP16	February 2020		
MP17	March 2020		
MP18	April 2020		

MP19	May 2020		
MP20	June 2020		
MP21	July 2020		
MP22	August 2020		
MP23	September 2020		
MP24	October 2020		
MP25	November 2020		
MP26	December 2020		
MP27	January 2021		
MP28	February 2021		
MP29	March 2021		
MP30	April 2021		
MP31	May 2021		
MP32	June 2021		
MP33	July 2021		
MP34	August 2021		
MP35	September 2021		
MP36	October 2021		

BIDDER NOTE: For the avoidance of doubt, the MP can be positive (i.e. a net inflow to the Authority).

BIDDER NOTE: To the extent that the Service Period commences part way through a month, MP1 will be prorated in accordance with paragraph 6.2.

ANNEX 6- 2: RISK REGISTER FOR THE PRICES AND CHARGES

Risk Number	Party Submitting Risk	Risk Name	Description of risk	Timing	Likelihood	Impact (£)	Impact (description)	Mitigation (description)	Cost mitigation	of Post-mitigation impact (£)	Forecast Contingency Costs	Owner	Authority Accepted
1												Supplier	
2												Supplier	
3												Supplier	