

SCHEDULE 14:
PAYMENT MECHANISM

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1. Definitions and Interpretation

1.1 For the purposes of this **Schedule 14 (Payment Mechanism)**, unless the context otherwise requires:

Term	Definition
Activate	<p>means, as relevant:</p> <p>(1) the activation of a RRAPP Band in accordance with paragraph 7.2 (RRAPP Band Activation); or</p> <p>(2) the activation of an APP Band in accordance with paragraph 8.2 (APP Band Activation); or</p> <p>(3) the activation of an Immediate RRAPP Band in accordance with paragraph 17.2 (Immediate RRAPP Band Activation),</p> <p>and Activated, Active, Activating and Activation shall be construed accordingly;</p>
Active APP Band	<p>means an APP Band in respect of which:</p> <p>(a) the Authority has served a APP Band Activation Notice;</p> <p>(b) the date specified in the relevant APP Band Activation Notice for the addition of Additional Prisoner Places has been reached; and</p> <p>(c) the date specified in any APP Band Deactivation Notice relating to that APP Band has not been reached;</p>
Active Immediate RRAPP Band	<p>means an Immediate RRAPP Band in respect of which:</p> <p>(a) the Authority has served an Immediate RRAPP Band Activation Notice;</p> <p>(b) the date specified in the relevant Immediate RRAPP Band Activation Notice for the reduction in the Available Prisoner Places in that Immediate RRAPP Band has been reached; and</p> <p>(c) the date specified in any Immediate RRAPP Band Deactivation Notice relating to that RRAPP Band has not been reached;</p>
Active RRAPP Band	<p>means a RRAPP Band in respect of which:</p> <p>(a) the Authority has served a RRAPP Band Activation Notice;</p> <p>(b) the date specified in the relevant RRAPP Band Activation Notice for</p>

the reduction in the Available Prisoner Places in that RRAPP Band has been reached; and
(c) the date specified in any RRAPP Band Deactivation Notice relating to that RRAPP Band has not been reached;

Additional Prisoner Place or "APP" means an Additional Prisoner Place, in addition to the CNA Level;

Aggregate Quarterly Payment means the aggregate of the Monthly Contract Price for each Month in any Performance Quarter in accordance with **paragraph 2.14 (Adjustment for Performance Point Deductions)**;

Annual Interventions Cost or "AIC" means the annual cost of delivering Interventions in accordance with **Part 4 (Interventions)** of **Schedule 1** determined in accordance with **paragraph 2.6 (Monthly Interventions Payment)**;

Annual Interventions Plan has the meaning assigned to it in **Part 4 (Interventions)** of **Schedule 1 (Authority's Requirements)(Custodial Services)**;

Annual Lifecycle Cost or "ALC" means the annual lifecycle cost for each year of the Service Period as set out in the Lifecycle Cost Programme;

Annual Utility Services Consumption Targets or "Ct" means, for each Utility Service, the figures set out in the table in **paragraph 13.1.5.2 (Utility Targets)**;

Annual Utility Adjustment or "AUA" means the annual utility adjustment to be made (if any) pursuant to **paragraph 2.11.5 (Annual Utility Adjustment)**;

Annual Utility Services Cost Estimate or "AUSCE" means the amount calculated in accordance with **paragraph 2.10 (Utility Services Fee)**;

APP Bands has the meaning assigned to it in **paragraph 8.1 (APP Bands)**;

APP Band Activation Notice has the meaning given to it in **paragraph 8.2 (APP Band Activation)**;

APP Band Deactivation Notice has the meaning given to it in **paragraph 8.3 (APP Band Deactivation)**;

APP Band Demobilisation Cost or means the Service Change Redundancy Surcharge in respect of the Applicable Contractor's Staff resulting directly from a reduction in the

"ADMC"	staffing levels required to deliver a lower number of Available Prisoner Places, which are actually incurred by the Contractor due to the Deactivation of one or more APP Bands in accordance with paragraph 2.18 (RRAPP Band Mobilisation Costs) ;
APP Band Mobilisation Costs or "AMC"	means any one-off reasonable costs resulting directly from an increase in the staffing levels required to deliver a higher number of Available Prisoner Places, which are actually incurred by the Contractor due to the Activation of one or more APP Bands in accordance with paragraph 2.17 (APP Band Mobilisation Cost) ;
APP Fee or "AF"	has the meaning given to it in paragraph 8.5.1 (Additional Prisoner Place Fees) ;
APP Fee Indexation Components	means the components APP Fee ₁ and APP Fee ₂ , into which each APP Band is divided for the purposes of indexation, as set out in paragraph 4.5 (Indexation of APP Fee) ;
Applicable Contractor's Staff	has the meaning given to it in Part 3 (Service Change Redundancy Surcharge) of Schedule 18 (TUPE, Employees and Pensions) ;
Authority Required Doubled Up Prisoner or "ARDUP"	means both Doubled Up Prisoners who are sharing a Single Prison Cell at the request of the Authority;
Availability Basis	means paying for each Available Prisoner Place or Additional Prisoner Place, during the relevant period;
Available Prisoner Place	means a Prisoner Place that constitutes an Available Prisoner Place in accordance with paragraph 5.3 (Available Prisoner Place) ;
Average Weekly Earning Index or "AWE"	means AWE-K5DL: Average Weekly Earnings Index Services, seasonally adjusted, excluding bonuses;
Care and Separation Unit	means a place where a Prisoner is held in cellular confinement within the Prison;
Cell Certificate	means a certificate issued in accordance with paragraph 5.1 (Cell Certificates)
Cell Certificate Rectification Notice	has the meaning given to it in paragraph 6.7 (Cell Certificate Rectification) ;

Cell Certificate Requirements	means the requirements with which a Prison Cell must comply, as set out in PSO 1900 in accordance with paragraph 5.1 (Cell Certificates) ;
Cell Certificate Schedule	means a cell certificate schedule in the form specified by the Authority contained in PSO 1900 Annex D as at the Services Commencement Date;
Cell Certificate Schedule Summary Sheet	means a cell certificate summary sheet in the form specified by the Authority contained in PSO 1900 Annex D as at the Commencement Date;
Certified Normal Accommodation Level or "CNA Level"	means the normal level of Available Prisoner Places for the Prison, being the figure specified in paragraph 13.1.2 (Prison Specific Information) ;
Consumer Prices Index or "CPI"	means the Consumer Prices Index;
Consumption Target or "Ca"	means the Annual Utility Services Consumption Target for the relevant Utility Service for the relevant Contract Year as set out in paragraph 13.1.5.2 (Utility Target) ;
Contractor Doubled Up Prisoner or "CDUP"	means a Prisoner sharing a Single Prison Cell as a result of the relocation of Prisoners by the Contractor in accordance with paragraph 2.13 (Contractor Doubled Up Prisoner Reduction) ;
Contractor Doubled Up Prisoner Excess or "CDUP Excess"	has the meaning given to it in paragraph 2.13.5.1 (Contractor Doubled Up Prisoners Reduction) ;
Contractor Doubled Up Prisoners Reduction or "CDUPR"	means the Contractor Doubled Up Prisoners Reduction for each Day of that Month, calculated in accordance with paragraph 2.13.5.2 (Contractor Doubled Up Prisoners Reduction) ;
Daily Payment or "DP"	means the amount calculated in accordance with paragraph 2.5 (Daily Payment) ;
Daily Total APP Payment or "DTAPP"	means the additional fee payable in the Daily Payment for all additional APP bands, calculated in accordance with paragraph 2.5.3 (Calculation of Daily Total APP Payment) ;
Daily Total Immediate RRAPP Deduction or	means the amount deductible from the Daily Payment for all Active Immediate RRAPP Bands, calculated in accordance with paragraph 2.19

"DTIRD"	(Calculation of Daily Total Immediate RRAPP Deduction);
Daily Total RRAPP Deduction or "DTRD"	means the amount deductible from the Daily Payment for all Active RRAPP Bands, calculated in accordance with paragraph 2.5.2 (Calculation of Daily Total RRAPP Deduction);
Deactivate	means, as relevant: <ul style="list-style-type: none"> (1) the de-Activation of a RRAPP Band in accordance with paragraph 7.3 (RRAPP Band Deactivation); (2) the de-Activation of an APP Band in accordance with paragraph 8.3 (APP Band Deactivation); or (3) the de-Activation of an Immediate RRAP Band in accordance with paragraph 17.3 (Immediate RRAPP Band Deactivation), and Deactivated, Deactivating and Deactivation shall be construed accordingly;
Doubled Up Prisoner	means a Prisoner sharing a Single Prison Cell other than in any healthcare areas of the Prison or in a Care and Separation Unit;
Emergency Prisoner Places	has the means given to it in paragraph 7.4 (Emergency Prisoner Places);
Estimated Unit Cost of the Utility Service or "U"	means the estimated unit cost of the Utility Service at the start of the Contract Year as agreed between the Authority and the Contractor in accordance with paragraph 2.10.3 (Annual Utility Services Cost Estimate);
Immediate Reduction in Requirement for Available Prisoner Places or "IRRAPP"	means a reduction in the Authority's requirement for an immediate reduction in Available Prisoner Places notified in accordance with paragraph 16.6 (Notification of Immediate Reduction in Requirement for Available Prisoner Places);
Immediate RRAPP Band	has the meaning given to it in paragraph 17.1 (Immediate RRAPP Bands);
Immediate RRAPP Band Activation Notice	has the meaning given to it in paragraph 17.2 (Immediate RRAPP Band Activation);
Immediate RRAPP Band	has the meaning given to it in paragraph 17.4.1 (Immediate RRAPP

Conversion	Band Deactivation);
Immediate RRAPP Band Conversion Notice	has the meaning given to it in paragraph 17.4.1 (Immediate RRAPP Band Deactivation);
Immediate RRAPP Band Deactivation Notice	has the meaning given to it in paragraph 17.3 (Immediate RRAPP Band Deactivation);
Immediate RRAPP Band Deduction Costs or "IRRAPPBDC"	means the variable costs, as set out in paragraph 17.5 (Daily Total Immediate RRAPP Deductions) which are used to calculate the DTIRD;
Immediate RRAPP Band Demobilisation Notice	has the meaning given to it in paragraph 17.3.1 (Immediate RRAPP Band Deactivation);
Immediate RRAPP Band Demobilisation Period	has the meaning given to it in paragraph 17.3.2 (Immediate RRAPP Band Deactivation);
Immediate RRAPP Band Mobilisation Period	has the meaning given to it in paragraph 17.2.3 (Immediate RRAPP Band Deactivation);
Immediate RRAPP Band Table	means the tables in paragraph 17.5 (Daily Total Immediate RRAPP Deductions);
Incorrect Daily Report	means information in the Daily Report which cannot be verified in accordance with paragraph 10.2 (Incorrect Daily Report);
Incorrect Overpayment	has the meaning assigned to it in paragraph 10.2.2 (Incorrect Daily Report);
Incorrect Underpayment	has the meaning assigned to it in paragraph 10.2.3 (Incorrect Daily Report);
Indexation Review Date	means the 1 st of April in each Contract Year following the Services Commencement Date;
Insurance Costs or "IC"	means the amount payable in respect of insurance costs calculated in accordance with paragraph 2.7 (Monthly Insurance Fee);
Interventions	has the meaning assigned to it in Part 4 (Interventions) of Schedule 1 (Authority's Requirements)(Custodial Services));
Interventions Non-Staff	has the meaning assigned to it in paragraph 2.6.2 (Monthly

Cost or "INSC"	Interventions Payment);
Interventions Staff Cost or "ISC"	has the meaning assigned to it in paragraph 2.6.2 (Monthly Interventions Payment);
Legitimate Operational Reasons	means where it can be demonstrated that it is in the best interest of the Prisoner in question to take the action proposed;
Life cycle Cost Programme or "LCP"	means the Annual Lifecycle Cost payable in accordance with paragraph 15 (Life cycle Cost Programme);
Life cycle Reserve Account or "LRA"	means the separate bank account in which the Contractor must hold the Monthly Lifecycle Payment pursuant to paragraph 2.16.6 (Monthly Lifecycle Payment);
Logged Rectification Time	means the time of the Contractor's notification of rectification of an Unavailable Prisoner Place pursuant to paragraphs 6.6 (Rectification for Failure to Comply with the Minimum Requirements) or 6.7 (Cell Certificate Rectification);
Logged Unavailability Time	means the time of the Contractor's notification that a Prisoner Place has become an Unavailable Prisoner Place pursuant to paragraph 6.1 (Notification of Unavailability);
Maximum Available Prisoner Places or "MAPP"	means the maximum number of Available Prisoner Places required by the Authority, as set out in paragraph 13 (Prison Specific Information);
Minimum Additional Contracted Capacity or "MACC"	means those Additional Prisoner Places, which the Authority is obliged to pay for on an Availability Basis as set out in paragraph 8 (Additional Prisoner Places);
Minimum APP Band Period	has the meaning assigned to it means the period specified in paragraph 8.3.3 (APP Band Deactivation);
Minimum Requirements	means, in relation to a Prisoner Place, the requirements so described in Part 1 of Schedule 1 (Authority's Requirements (Custodial Services));
Minimum Requirement Rectification Notice	has the meaning given to it in paragraph 6.6.1 (Rectification for Failure to Comply with the Minimum Requirements);
Minimum Immediate	has the meaning given to it in paragraph 17.2.8;

RRAPP Band Period

Minimum RRAPP Band Period	means the period specified in paragraph 7.2.5 ;
Mobilisation Period	has the meaning given to it in Schedule 5 (Mobilisation) ;
Mobilisation Retention Amount	has the meaning given to it in paragraph 16.4 ;
Monthly Contract Price or "MCP"	means the amount payable in respect of Available Prisoner Places in any Month before any Performance Point Deductions, deductions pursuant to paragraph 2.13.5 (Monthly Deduction for Contractor Doubled Up Prisoners) or other adjustments, calculated in accordance with paragraph 2.4 (Monthly Contract Price) ;
Monthly Daily Payment or "MDP"	means the aggregate of the Daily Payment for each Day in the Month calculated in accordance with paragraph 2.4 (Monthly Contract Price) ;
Monthly Insurance Fee or "MIF"	means the amount calculated in accordance with paragraph 2.7 (Monthly Insurance Fee) ;
Monthly Interventions Payment or "MIP"	means the amount calculated in accordance with paragraph 2.6 (Monthly Interventions Payment) ;
Monthly Lifecycle Payment or "MLP"	means the Monthly Lifecycle Payment calculated in accordance with paragraph 2.16 (Monthly Lifecycle Payment) ;
Monthly Mobilisation Payment or "MMP"	means the Monthly Mobilisation Payment calculated in accordance with paragraph 2.2 (Monthly Mobilisation Payment) ;
Monthly Mobilisation Payment Schedule	means the Monthly Mobilisation Payment Schedule setting out the periods during which the Monthly Mobilisation Payment is due to the Contractor in each month it is applicable determined in accordance with paragraph 16 (Monthly Mobilisation Payment Schedule) ;
Monthly Payment or "MP"	means the amount calculated in accordance with paragraph 2 (Monthly Payment) ;
Monthly Service Payment or "MSP"	means the amount calculated in accordance with paragraph 2.3 (Monthly Service Payment) ;
Monthly Utility Fee or	means the pro-rated monthly cost of the aggregate fee for of each Utility

"MUF"	Service paid by the Authority calculated as set out in paragraph 2.10 (Utility Services Fee) ;
Number of Doubled Up Prisoners or "NDUP"	means the number of Doubled Up Prisoners on that Day in accordance with paragraph 2.13 (Contractor Doubled Up Prisoners Reduction) ;
Operational Services	means all Services;
Operational Services Available Prisoner Place Payment or "OSP"	means the amount payable per Day for Operational Services for each Available Prisoner Place, calculated in accordance with paragraph 2.5.1 (Operational Services Available Prisoner Place Payment) ;
Operational Services Fixed Costs or "OSFC"	means the operational services fixed costs for the Day which do not vary with the number of Available Prisoner Places, as set out in paragraph 12.5 (Operational Services Available Prisoner Place Payment) ;
Operational Services Non-Staff Costs or "OSNSC"	means the Operational Services non-staff costs for the Day, as set out in paragraph 12.5 (Operational Services Available Prisoner Place Payment) ;
Operational Services Non-Staff Costs Inflation Factor or "OSNSCF"	means the CPI factor by which price inflation is applied to the Operational Services Non-Staff Costs in accordance with paragraph 4.2 (Indexation of Operational Non-Staff Costs) ;
Operational Services Staff Costs or "OSSC"	means the Operational Services Staff Costs for the Day, as set out in paragraph 12.5 (Operational Services Available Prisoner Place Payment) ;
Operational Services Staff Costs Inflation Factor or "OSSCF"	means the AWE factor by which price inflation is applied to the Operational Services Staff Costs with paragraph 4.3 (Indexation of Operational Staff Costs) ;
Permitted Level	means the maximum number of Doubled Up Prisoners that is permitted for Legitimate Operational Reasons (and not caused, or contributed to, by the Unavailability of Prison Cells) before resulting in a Deduction in accordance with paragraph 2.13 (Contractor Doubled Up Prisoner Reduction) ;
Preparation for Services Period	means the period between the Commencement Date and the Services Commencement Date;

Price Base Date	means the date at which the base sum payable for each type of Escape is calculated, in accordance with paragraph 9.2.2 (Payment for Escapes) ;
Price Year	means the Contract Year;
Prison Population	means the actual number of Prisoners accommodated at the Prison at the time of evening lock-up on the relevant Day;
Project Profit Margin	means the profit and overhead margin of [PROJECT SPECIFIC] % applied to the Monthly Mobilisation Payment for the Preparation for Service Period as set out in paragraph 16.2 ((Monthly Mobilisation Payment Schedule)) and the Daily Total IRRAPP Deduction as set out in paragraph 17.5 (Daily Total Immediate RRAPP Deductions) ;
Rectification Period	means the aggregate of: (a) the period from the Logged Unavailability Time up to (and including) midnight on the Day in which the Logged Unavailability Time occurs; and (b) twenty four (24) hours after the expiry of the Day in which the Logged Unavailability Time occurs;
Reduction in Requirement for Available Prisoner Places or "RRAPP"	means a reduction in the Authority's requirement for Available Prisoner Places notified in accordance with paragraph 7 (Notification of Reduction in Requirement for Available Prisoner Places) ;
Relocate	means to change a Prisoner's accommodation to another Available Prisoner Place in another Prison Cell in the Prison, and Relocation shall be construed accordingly;
RRAPP Band	has the meaning given to it in paragraph 7.1 (RRAPP Bands) ;
RRAPP Band Activation Notice	has the meaning given to it in paragraph 7.2 (RRAPP Band Activation) ;
RRAPP Band Deactivation Notice	has the meaning given to it in paragraph 7.3 (RRAPP Band Deactivation) ;
RRAPP Band Demobilisation Cost or "RDMC"	means any one-off reasonable costs resulting directly from an increase in the staffing levels required to deliver a higher number of Available Prisoner Places, which are actually incurred by the Contractor due to the Deactivation of one or more RRAPP Bands in accordance with paragraph 2.9 (RRAPP Band Demobilisation Costs) ;
RRAPP Band	means the Service Change Redundancy Surcharge in respect of the

Mobilisation Costs or "RMC"	Applicable Contractor's Staff resulting directly from a reduction in the staffing levels required to deliver a lower number of Available Prisoner Places, which are actually incurred by the Contractor due to the Activation of one or more RRAPP Bands in accordance with paragraph 2.8 (RRAPP Band Mobilisation Costs) ;
RRAPP Band Table	means the table in paragraph 13 (Prison Specific Information) ;
RRAPP Deduction or "RD"	means the amount deducted per Day for each Active RRAPP Band for each Prison, as set out in the column headed RRAPP Deduction in the RRAPP Band Tables in accordance with paragraph 13 (Prison Specific Information) ;
RRAPP Indexation Components	means the components RRAPP ₁ and, RRAPP ₂ , into which each RRAPP Deduction is divided for the purposes of indexation, as set out in paragraph 4.4 (Indexation of RRAPP Fee) ;
RRAPP Band Demobilisation Period	has the meaning given to it in paragraph 7.3.2 (RRAPP Band Deactivation) ;
RRAPP Band Mobilisation Period	has the meaning given to it in paragraph 7.2.3 (RRAPP Band Deactivation) ;
Schedule of Wage Rates	has the meaning given to it in Schedule 16 (Change Protocol) ;
Service Change Redundancy Surcharge or "SCRS"	has the meaning given to it in Schedule 18 (TUPE, Employees and Pensions) Part 3 (Redundancy Surcharge) ;
Standing Charge or "S"	means the expected Standing Charge for the Utility Service for the Contract Year as agreed between the Authority and the Contractor at the start of the Contract Year in accordance with paragraph 2.10 (Annual Utility Services Cost Estimate Fee) ;
Standing Charge Adjustment or "SCA"	has the meaning given to it in paragraph 2.11.6 (Annual Utility Adjustment) ;
Total APP Payment for the Day or "DTAPP"	means the additional payable in the Daily Payment for all additional APP bands, calculated in accordance with paragraph 2.5.3 (Calculation of Daily Total APP Payment) ;

TUPE Surcharge or "TS"	has the meaning given to it in Part 2 of Schedule 18 (TUPE, Employees and Pensions) ;
Unavailable Prisoner Place	means a Prisoner Place that is not an Available Prisoner Place and Unavailability shall be construed accordingly;
Unit Actual or "UA"	means the actual unit cost of the Utility Service over the Contract Year in accordance with paragraph 2.11.5 (Annual Utility Adjustment) ;
Unit Estimate or "UE"	means the Annual Utilities Services Cost Estimate for the relevant Utility Service in accordance with paragraph 2.11.5 (Annual Utility Adjustment) ;
Utilised Basis	means paying for each Available Prisoner Place or Additional Prisoner Place which is available and occupied by a Prisoner for each Day or part of a Day during the relevant period;
Utility Services Fee	means the aggregate fee for each Utility Service payable paid by the Authority as set out in paragraph 2.10 (Utility Services Fee) ; and
Utility Target	means a the utility targets set out in paragraph 13.1.5.2 (Utility Target) .

2. Monthly Payment

2.1 Monthly Payment Formula

2.1.1 The Authority will commence payment of the Monthly Payment following the Services Commencement Date save in respect of the Monthly Mobilisation Payment which may commence prior to such date in accordance with **paragraph 2.2 (Monthly Mobilisation Payment)**. Any failure by the Contractor to meet the requirements of the Services Commencement Date will result in no payment being made by the Authority (save in accordance with **paragraph 2.2 (Monthly Mobilisation Payment)**) until the Contractor has met its requirements and is in a position to receive Prisoners.

2.1.2 The Monthly Payment for each Month shall be calculated in accordance with the following formula:

$$MP = MSP + MMP$$

where:

MP = the Monthly Payment;

MSP = the Monthly Service Payment calculated in accordance with **paragraph 2.3 (Monthly Service Payment)**; and

MMP = the Monthly Mobilisation Payment calculated in accordance with **paragraph 2.2 (Monthly Mobilisation Payment)**.

2.2 Monthly Mobilisation Payment

2.2.1 The Monthly Mobilisation Payment for each Month in which it is applicable shall be paid as set out in the Monthly Mobilisation Payment Schedule at **paragraph 16 (Monthly Mobilisation Payment Schedule)**.

2.3 Monthly Service Payment

The Monthly Service Payment for each Month shall be calculated in accordance with the following formula:

$$MSP = MCP - CDUPR - PPD$$

where:

- MSP = the Monthly Service Payment;
- MCP = the Monthly Contract Price calculated in accordance with **paragraph 2.4 (Monthly Contract Price)**;
- CDUPR = the Contractor Doubled Up Prisoners Reduction for each Day of that Month, calculated in accordance with **paragraph 2.13 (Contractor Doubled Up Prisoners Reduction)**; and
- PPD = for the last Month in each Performance Quarter, the Deduction made for Performance Points in accordance with **paragraph 2.14 (Adjustment for Performance Point Deductions)**.

2.4 Monthly Contract Price

The Monthly Contract Price for each Month shall be calculated in accordance with the following formula:

$$\text{MCP} = \text{MDP} + \text{MIP} + \text{MIF} + \text{RMC} + \text{RDM} + \text{MUF} + /- \text{AUA} + \text{MLP} + \text{TS} + \text{SCRS} + \text{AMC} + \text{ADMC}$$

where:

- MCP = the Monthly Contract Price;
- MDP = the aggregate of the Daily Payment for each Day in the Month;
- MIP = the Monthly Interventions Payment for the Month;
- MIF = the Monthly Insurance Fee for the Month;
- RMC = any RRAPP Band Mobilisation Costs (in respect only of any Month in which such one-off costs are payable);
- RDMC = any RRAPP Band Demobilisation Costs (in respect only of any Month in which such one-off costs are payable);
- MUF = the Monthly Utility Fee;
- AUA = any Annual Utility Adjustment;
- MLP = the Monthly Lifecycle Payment;
- TS = the TUPE Surcharge (in respect only of those Months during which it

applies);

SCRS = the Service Change Redundancy Surcharge in accordance with Part 3 (Redundancy Surcharge) of Schedule 18 (TUPE, Employees and Pensions) (in respect only of any Month in which such one-off costs are payable);

AMC = any APP Band Mobilisation Costs (in respect only of any Month in which such one-off costs are payable); and

ADMC = any APP Band Demobilisation Costs (in respect only of any Month in which such one-off costs are payable).

2.4.1 The Authority reserves the right to update the calculation set out above in this **paragraph 2.4** to reflect any agreed Change.

2.5 Daily Payment

The amount payable in respect of each Day of the Service Period (the "Daily Payment") shall be calculated by adding the Operational Services Available Prisoner Place Payment for each Available Prisoner Place up to and including the Certified Normal Accommodation Level (CNAL), less the Daily Total RRAPP Deduction for the Day plus the Daily Total Additional Prisoner Place Payment and less the Daily Total Immediate RRAPP Deduction in accordance and with the following formula:

$$DP = (OSP \times (NAPP - NRRAPP)) \pm DTRD + DTAPP - DTIRD$$

where:

DP = the Daily Payment;

OSP = the Operational Services Available Prisoner Place Payment for the Day;

NAPP = the number of Available Prisoner Places on that Day, up to and including the Certified Normal Accommodation Level (CNA Level);

NRRAPP = the aggregate number of Available Prisoner Places on any Day that are not required to be provided for all Active RRAPP Bands, as specified in the column headed "Cumulative RRAPP Limit" in the relevant RRAPP Band Table;

DTRD = the Daily Total RRAPP Deduction for the Day;

DTAPP = the Daily Total Additional Prisoner Place Payment for the Day; and

DTIRD = the Daily Total Immediate RRAPP Deduction.

2.5.1 **Operational Services Available Prisoner Place Payment**

2.5.1.1 The Operational Services Available Prisoner Place Payment, payable for the delivery of Operational Services, shall be calculated by adding together the Operational Services Non-Staff Costs, the Operational Services Staff Costs and the Operational Services Fixed Costs for the relevant Day, in accordance with the following formula:

$$\text{OSP} = \text{OSNSC} + \text{OSSC} + \text{OSFC}$$

where:

OSP = the Operational Services Available Prisoner Place Payment for the Day;

OSNSC = the Operational Services Non-Staff Costs for the Day, as set out in **paragraph 12.5 (Operational Services Available Prisoner Place Payment)**;

OSSC = the Operational Services Staff Costs for the Day, as set out in **paragraph 12.5 (Operational Services Available Prisoner Place Payment)**; and

OSFC = the Operational Services Fixed Costs for the Day, as set out in **paragraph 12.5 (Operational Services Available Prisoner Place Payment)**.

2.5.1.2 The Operational Services Available Prisoner Place Payment shall be subject to indexation in accordance with **paragraph 4 (Indexation)**.

2.5.2 **Calculation of Daily Total RRAPP Deduction**

2.5.2.1 Where there is one or more Active RRAPP Band, the Daily Total RRAPP Deduction for each Day shall be calculated in accordance with the following formula:

$$\text{DTRD} = \sum \text{RDs}$$

where:

DTRD = the Daily Total RRAPP Deduction for that Day; and

RDs = the aggregate of the RRAPP Deductions for each Active RRAPP Band for that Day determined in accordance with **paragraph 13 (Prison Specific Information)**.

2.5.2.2 This Daily Total RRAPP Deduction shall be subject to indexation in accordance with **paragraph 4 (Indexation)**.

2.5.3 Calculation of Daily Total APP Payment (DTAPP)

2.5.3.1 Where there is one or more Active APP Band, the Daily Total APP Payment for each Day shall be calculated in accordance with the following formula:

$$\text{DTAPP} = \sum \text{AFs}$$

where:

DTAPP = the Daily Total APP Fee for that Day; and

AFs = the aggregate of the fee paid for each Active APP Band for that Day determined in accordance with **paragraph 8 (Additional Prisoner Places)** with particular reference to **paragraph 8.5.2**.

2.5.3.2 This Daily Total APP Payment shall be subject to indexation in accordance with **paragraph 4 (Indexation)**.

2.5.4 The calculation of Daily Total Immediate RRAPP Deduction (DTIRD) is in accordance with paragraph 2.19 (Calculation of Daily Total Immediate RRAPP Deduction).

2.6 Monthly Interventions Payment

2.6.1 The Monthly Interventions Payment shall cover the staff costs associated with the delivery of Interventions.

- 2.6.2 The Annual Interventions Cost for each Contract Year shall be calculated as follows:

$$AIC = ISC + INSC$$

where:

AIC = the Annual Interventions Cost;

ISC = the Interventions Staff Cost; and

INSC = the Interventions Non-Staff Cost.

- 2.6.3 The Monthly Interventions Payment for each Month in each Contract Year shall be calculated as follows:

$$MIP = \frac{AIC}{12}$$

where:

MIP = the Monthly Interventions Payment; and

AIC = the Annual Interventions Cost.

- 2.6.4 The Annual Interventions Cost for the first Contract Year shall be as set out in **paragraph 12.6 (Monthly Interventions Payment)**, and for subsequent Contract Years shall be subject to adjustment in accordance with **paragraph 5.4 of Part 4 (Interventions) of Schedule 1 (Authority's Requirements (Custodial Services))**.

- 2.6.5 Where any Contract Year is more or less than twelve (12) months, the Monthly Interventions Payment will be paid by pro-rating the Annual Interventions Cost to the number of months in the Contract Year.

- 2.6.6 At the end of each Contract Year, the Authority and the Contractor will perform a reconciliation between the expected volume of Interventions as identified within:

2.6.6.1 **paragraph 12.6 (Monthly Interventions Payment)** in respect of the first Contract Year; or

2.6.6.2 within the Annual Interventions Plan for each subsequent relevant Contract Year,

and the actual volume of Interventions delivered in the Contract Year. In the event that the Contractor has delivered fewer Interventions than those so identified, the Contractor will apply a credit to the invoice for the first month of the next Contract Year (or make a payment to the Authority within thirty (30) days of a written request) in an amount calculated in accordance with **paragraph 12.6 (Monthly Interventions Payment)** which will be updated from time to time to reflect the Interventions cost for each Contract Year. For the avoidance of doubt, if the Contractor has delivered more Interventions than those so identified, no additional payment shall be made by the Authority.

- 2.6.7 The Annual Interventions Cost shall be subject to indexation in accordance with **paragraph 4 (Indexation)**.

2.7 Monthly Insurance Fee

- 2.7.1 The Monthly Insurance Fee for each Month shall be calculated in accordance with the following formula:

$$\text{MIF} = \frac{\text{IC}}{12}$$

where:

MIF = the Monthly Insurance Fee; and

IC = the Insurance Costs for maintaining the insurances referred to in **clause 68.1 (Insurance)** in each Price Year, as set out in **paragraph 12.7 (Insurance Cost)**.

- 2.7.2 Where any Contract Year is more or less than twelve (12) months, the Monthly Insurance Fee will be paid by pro-rating the Insurance Costs to the number of months in the period.
- 2.7.3 If the Contractor believes that there has been a material change within the global insurance market that arises from events beyond the reasonable control of the Contractor (or any Contractor Related Party) or the Authority, and such change causes a substantial increase in the overall cost of maintaining the Required Insurances (to the levels set out therein) that is not provided for within the contingency or margin components (or any other components) of the Contract Price:

2.7.3.1 the Contractor may initiate a Contractor Change under the process set out in **Schedule 16 (Change Protocol)** in respect of the level of the Insurance Costs; and

2.7.3.2 the Authority (without commitment) will consider the Contractor Change in accordance with the process set out in such Schedule.

2.7.4 The Insurance Costs shall not be subject to indexation.

2.8 **RRAPP Band Mobilisation Costs**

2.8.1 Not less than three (3) Months after the Month in which a RRAPP Band or group of RRAPP Bands is Activated, the Authority shall pay the Contractor any Service Change Redundancy Surcharge calculated in accordance with **Part 3 (Redundancy Surcharge)** of **Schedule 18 (TUPE, Employees and Pensions)** resulting directly from a reduction in the staffing levels required to deliver a lower number of Available Prisoner Places, which are actually incurred by the Contractor due to the Activation of one or more RRAPP Bands.

2.8.2 The Contractor shall take all reasonable steps to mitigate any RRAPP Band Mobilisation Costs, for example (without limitation) through the effective redeployment of staff. The Contractor shall demonstrate to the Authority what steps it is taking in this regard and provide clear documented evidence of the RRAPP Band Mobilisation Costs actually incurred.

2.9 **RRAPP Band Demobilisation Cost**

2.9.1 Not less than 3 (three) Months after the Month in which:

2.9.1.1 a RRAPP Band or group of RRAPP Bands is Deactivated, or

2.9.1.2 the Authority gives the Contractor an emergency notice pursuant to paragraph 7.4.1 (Emergency Prisoner Places),

the Authority shall pay the Contractor the RRAPP Band Demobilisation Costs.

2.9.2 The Contractor shall take all reasonable steps to mitigate any RRAPP Band Demobilisation Costs, for example (without limitation) through the effective redeployment and recruitment of staff. The Contractor shall demonstrate to the Authority what steps it is taking in this regard and provide clear documented evidence of the RRAPP Band Demobilisation Costs actually incurred.

2.10 **Monthly Utility Fee**

2.10.1 The provisions of this **paragraph 2.10 (Monthly Utility Fee)** will apply in the following scenarios:

2.10.1.1 where the Contractor uses its own utility supplier in accordance with **Schedule 3 (Authority Third Party Contracts)** and pays that supplier directly; and

2.10.1.2 where the Contractor uses the Authority's utility supplier in accordance with **Schedule 3 (Authority Third Party Contracts)** and pays that supplier directly.

2.10.2 The Monthly Utility Fee is the aggregate of the payments made to the supplier for each Utility Service and is based on an estimated fee which is calculated at the start of each Contract Year as set out in **paragraph 2.10.3 (Annual Utility Services Cost Estimate)**.

2.10.3 **Annual Utility Services Cost Estimate**

2.10.3.1 The Annual Utility Services Cost Estimate in respect of each Utility Service shall be calculated as follows:

$$AUSCE_t = \sum_{\text{All utilities}} (U \times C_t) + S$$

where:

$AUSCE_t$ = the Annual Utility Services Cost Estimate;

U = the Estimated Unit Cost of the Utility Service at the start of the Contract Year as agreed between the Authority and the Contractor. The Estimated Unit Cost of the Utility Service should be based on the most recently available unit cost information as provided by the relevant Utility Service supplier;

C_t = the Annual Utility Services Consumption Target for the Utility Service for that Contract Year as set out in **paragraph 13.1.5.2 (Utility Targets)**; and

S = the expected Standing Charge for the Utility Service for the Contract Year as agreed between the Authority and the Contractor at the start of the Contract Year.

2.10.4 The calculation set out in **paragraph 2.10.3.1 (Annual Utility Services Cost Estimate)** will be repeated for each Utility Service required at the Prison as set out in **paragraph 13.1.5.2 (Utility Target)**.

2.10.5 The Annual Utility Services Cost Estimate will be calculated by adding together the Annual Utility Services Cost Estimate for each Utility Service as follows.

$$\text{AUSCE} = \text{AUSCE}_1 + \text{AUSCE}_2 + \text{AUSCE}_3 + \text{AUSCE}_4 \dots$$

2.10.6 The Monthly Utility Fee for each Month shall be calculated in accordance with the following formula:

$$\text{MUF} = \frac{\text{AUSCE}}{12}$$

where:

MUF = the Monthly Utility Fee; and

AUSCE = the Annual Utility Services Cost Estimate as calculated in accordance with **paragraph 2.10.3**.

2.10.7 Where any Contract Year is more or less than twelve (12) months, the Monthly Utility Fee will be paid by pro-rating the AUSCE to the number of months in the period.

2.10.8 The Utility Services Fee shall not be subject to indexation.

2.11 Annual Utility Adjustment

2.11.1 The amount payable by the Authority in respect of the second Month following the end of each Contract Year shall be adjusted by an amount (the "Annual Utility Adjustment") calculated in accordance with this **paragraph 2.11 (Annual Utility Adjustment)**, to reflect performance against the Annual Utility Services Cost Estimate for each Utility Service.

2.11.2 The Utility Targets for each Contract Year shall be as set out in **paragraph 13.1.5.2**, save that:

2.11.2.1 where the Authority proposes to change the number of Available Prisoner Places, the Utility Targets shall be amended as a Change in accordance with **Schedule 16 (Change Protocol)**, provided that

until any such Change is implemented, the Annual Utility Adjustment mechanism and the Utility Targets existing immediately prior to such Change shall apply.

2.11.3 Not Used

2.11.4 Not Used

2.11.5 Annual Utility Adjustment – unit cost

2.11.5.1 In every Contract Year, on 1 April, the actual average unit cost of each Utility Service over the previous Contract Year shall be calculated and compared to the relevant Annual Utility Services Cost Estimate.

2.11.5.2 Where the actual unit cost in the previous Contract Year is less than the relevant Estimated Unit Cost of the Utility Service, the Contractor shall pay to the Authority, the Annual Utility Adjustment being a sum equal to;

$$AUA = \sum_{\text{All utilities}} (UE - UA) \times C_a + SCA$$

where:

AUA= the Annual Utility Adjustment as may be applicable in respect of the preceding Contract Year;

UA = the actual unit cost of the Utility Service over the Contract Year;

UE = the estimated unit cost of the Utility Service over the Contract Year;

C_a = the Annual Utility Services Consumption Target for the relevant Utility Service for the relevant Contract Year; and

SCA= the Standing Charge Adjustment as set out in **paragraph 2.11.6.**

and the Authority shall deduct the Annual Utility Adjustment from the Monthly Contract Price for the second Month of the Contract Year following the Contract Year to which the review relates.

2.11.5.3 Where the actual unit cost in the previous Contract Year is more than the relevant Annual Utility Services Cost Estimate, the Authority shall pay to the Contractor, the Annual Utility Adjustment being a sum equal to:

$$AUA = \sum_{\text{All utilities}} (UA - UE) \times C_a + SCA$$

where:

AUA = the Annual Utility Adjustment as may be applicable in respect of the preceding Contract Year;

UA = the actual unit cost of the Utility Service over the Contract Year;

UE = the estimated unit cost of the Utility Service over the Contract Year;

C_a = the Annual Utility Services Consumption Target for the relevant Utility Service for the relevant Contract Year; and

SCA = the Standing Charge Adjustment as set out in **paragraph 2.11.6**.

and the Authority shall add the Annual Utility Adjustment to the Monthly Contract Price for the second Month of the Contract Year next following the Contract Year to which the review relates.

2.11.6 In each Contract Year, an amount shall be added to or deducted from, as the case may be, the Monthly Contract Price for the second Month of that Contract Year to reflect the difference between the actual standing charge paid by the Contractor (by reference to Utility Services bills) for the previous Contract Year and the amount paid as part of the Monthly Contract Price, the "Standing Charge Adjustment", pursuant to **paragraph 2.10.3 (Annual Utility Services Cost Estimate)** in respect of the standing charge for that previous Contract Year.

2.11.7 Subject to the other provisions of **paragraph 2.11.5 (Annual Utility Adjustment)**, if the actual consumption of the Utility Services over each Contract Year is higher or lower than the Annual Utility Services Consumption Target, there shall be no further adjustment to the Monthly Contract Price.

2.11.8 Introduction of Energy Saving Technology

2.11.8.1 Either Party may propose the introduction of energy saving technology, which may be implemented as a Change in accordance with **Schedule 16 (Change Protocol)**.

2.11.8.2 Both Parties will agree how this impacts the Annual Utility Services Consumption Target and the Estimated Unit Cost of the Utility Service at that time in accordance with **Schedule 16 (Change Protocol)** and the parties agree that any change will be a Contractor Change.

2.11.9 The Annual Utility Adjustment shall not be subject to indexation.

2.12 **TUPE Surcharge**

2.12.1 In accordance with **Part 2 of Schedule 18 (TUPE, Employees and Pensions)**, a TUPE Surcharge may apply. The Contractor is responsible for calculating the TUPE Surcharge payment which will require the review and approval of the Authority in accordance with such Schedule.

2.12.2 For any Contract Year in which a TUPE Surcharge applies, the Monthly Contract Price shall be adjusted on a Monthly basis as agreed in accordance with **Part 2 of Schedule 18 (TUPE, Employment and Pensions)**.

2.13 **Contractor Doubled Up Prisoners Reduction**

2.13.1 On each Day:

2.13.1.1 the number of Doubled Up Prisoners on that Day shall be counted; and

2.13.1.2 the number of Contractor Doubled Up Prisoners shall be calculated by deducting the number of Authority Required Doubled Up Prisoners on that Day from the number of Doubled Up Prisoners, in accordance with the following formula:

$$\text{CDUPs} = \text{NDUP} - \text{ARDUP}$$

where:

CDUPs = the number of Contractor Doubled Up Prisoners on that Day;

NDUP = the number of Doubled Up Prisoners on that Day;

and

ARDUP = the number of Authority Required Doubled Up Prisoners.

- 2.13.2 If on any Day the number of Contractor Doubled Up Prisoners for Legitimate Operational Reasons (and not caused, or contributed to, by the Unavailability of Prison Cells) is less than or equal to the Permitted Level, there shall be no reduction to the Daily Payment for that Day pursuant to this **paragraph 2.13 (Contractor Doubled Up Prisoners Reduction)**.
- 2.13.3 The Permitted Level of Contractor Doubled Up Prisoners for Legitimate Operational Reasons (and not caused by, or contributed to, by the Unavailability of Prison Cells) is [PROJECT SPECIFIC] Prisoner Places.
- 2.13.4 If a Prisoner Place has been certified as an Unavailable Prisoner Place in line with **paragraph 6 (Prisoner Places and Unavailability)**, the Contractor must take all reasonable steps to place that Prisoner in another Available Prisoner Place or, where no other Available Prisoner Place exists, arrange for the Authority to remove the Prisoner (in which case the indemnity set out in **clause 66.1.1.5 (Contractor's Indemnity)** shall apply). In the event that the Contractor has been unable to place the Prisoner in an Available Prisoner Place other than by doubling up, the Prisoner will be classed as an Authority Required Doubled Up Prisoner and accordingly the Contractor Doubled Up Prisoner Reduction shall not apply.
- 2.13.5 If on any Day the number of Contractor Doubled Up Prisoners for any reason is more than the Permitted Level, the Contractor Doubled Up Prisoner Reduction for that Day shall be calculated in accordance with the following provisions:

- 2.13.5.1 the number of Contractor Doubled Up Prisoners which exceeds the Permitted Level (the "CDUP Excess") on that Day shall be calculated in accordance with the following formula:

$$\text{CDUPE} = \text{CDUPs} - \text{PL}$$

where:

CDUPE = the CDUP Excess;

CDUPs = the number of Contractor Doubled Up Prisoners on that Day; and

PL = the Permitted Level on that Day;

2.13.5.2 the Contractor Double-Up Prisoner Reduction is the monthly deduction applied to the Monthly Service Payment and shall be calculated in accordance with the following formula:

$$\text{CDUPR} = \text{CDUPE} \times \text{OSP} \times 0.35$$

where:

CDUPR = the Contractor Doubled Up Prisoner Reduction for that Day;

CDUPE = the CDUP Excess on that Day; and

OSP = the Operational Services Available Prisoner Place Payment for that Day.

2.14 Adjustment for Performance Point Deductions

The amount of the invoice for the last Month of each Performance Quarter shall be reduced in respect of any Performance Points accrued for that Performance Quarter in accordance with the following formula:

$$\text{PPD} = \text{PP} \times \text{AQP} \times 0.0001$$

where:

PPD = the Performance Point Deduction;

PP = the cumulative number of Performance Points incurred during the Performance Quarter, up to (and including) the last Day of the Performance Quarter, pursuant to the provisions of **Schedule 15 (Performance Mechanism)** subject to **paragraph 2.14.1**; and

AQP = the Aggregate Quarterly Payment, which shall be the aggregate of the Monthly Contract Price for each Month in any Performance Quarter.

2.14.1 Performance Points to be Disregarded

2.14.1.1 If the Contractor accepts any Prisoners in accordance with **paragraph 7.4 (Emergency Prisoner Places)**, then:

(a) the Contractor shall not be relieved of any of its obligations under

this Contract;

- (b) the Contractor shall maintain and submit reports in accordance with **paragraph 10 (Reporting)**;
- (c) any Performance Points accruing in respect of those Prisoner Places only shall, for the purposes of calculating any adjustment to the Monthly Contract Price pursuant to **paragraph 2.14 (Adjustment for Performance Point Deductions)**, be disregarded; and
- (d) any Performance Points accruing in respect of those Prisoner Places only, shall be disregarded for the purposes of the Authority's right to terminate this Contract for a Contractor Default falling under **paragraph (I)** of the definition of Contractor Default.

2.14.1.2 If a Relief Event or a Force Majeure Event occurs, Performance Points which accrue as a direct result of the Relief Event or Force Majeure Event in the period in which the Relief Event or Force Majeure Event (as the case may be) is subsisting shall be disregarded for the purposes of the Authority's right to terminate this Contract for a Contractor Default falling under **paragraph (I)** of the definition of Contractor Default.

2.14.1.3 No Deductions may be made if, and to the extent that, it has been demonstrated to the reasonable satisfaction of the Authority that the Deduction is a direct result of a Compensation Event.

2.15 Rates and Telecommunications Costs

- 2.15.1 The Authority shall be responsible for paying any local council rates (or their equivalent) in relation to the Prison.
- 2.15.2 The Contractor shall pay all bills, costs and charges relating to telecommunications and telecommunications services and systems in connection with the Services, including in respect of telephone, mobile telephone, email, internet, fax and other means of electronic communication.

2.16 Monthly Lifecycle Payment

- 2.16.1 The Monthly Lifecycle Payment for each Month shall be calculated in accordance with the following formula:

$$MLP = \frac{ALC}{12}$$

where:

MLP = the Monthly Lifecycle Payment; and

ALC = the Annual Lifecycle Cost as set out in **paragraph 15** (Annual Lifecycle Programme).

12 = 12 months. **Bidder Note:** unless specifically agreed during a specific bid process to deviate to a different monthly payment schedule.

- 2.16.2 Where any Contract Year is more or less than twelve (12) months, the Monthly Lifecycle Payment will be calculated by pro-rating the Annual Lifecycle Cost to the number of months in the period.
- 2.16.3 If requested by the Contractor in writing, the Authority may, at its discretion, agree to change the payment schedule for Lifecycle Costs in any given Contract Year to better align to the time at which the relevant costs are incurred.
- 2.16.4 In the event that the Contractor wishes to bring forward any expenditure to which the Annual Lifecycle Cost relates, the Authority will review the request on a case by case basis following issue by the Contractor of a Contractor Change under the process set out in **Schedule 16 (Change Protocol)**.
- 2.16.5 The Annual Lifecycle Cost shall be subject to indexation in accordance with **paragraph 4 (Indexation)**.
- 2.16.6 The Contractor shall, prior to the Services Commencement Date, set up a ring-fenced interest bearing bank account into which it will pay the Monthly Lifecycle Payment when received (the "Lifecycle Reserve Account"). The Contractor shall only use the monies in the Lifecycle Reserve Account for the delivery of lifecycle works as set out in the Lifecycle Cost Programme at **paragraph 15 (Lifecycle Cost Programme)**. At the end of the Service Period, the Contractor's total spend on such lifecycle works will be compared to the expected spend as set out in the Lifecycle Cost Programme. Any surplus held in the Lifecycle Reserve Account will be shared in a ratio of 75% of any surplus to the Authority and 25% of any surplus to the Contractor.

Bidder Note: The Authority is continuing to explore alternatives around the payment of

Lifecycle and would welcome any suggestions from Bidders on how the Lifecycle Reserve Account could be better protected or not required. The payment of lifecycle cost will be project-specific and an updated position will be presented in the first Call-Off- Contract.

2.17 APP Band Mobilisation Costs

2.17.1 Not more than 3 (three) Months after the Month in which:

2.17.1.1 an APP Band or group of APP Bands is Activated; or

2.17.1.2 the Authority gives the Contractor an emergency notice pursuant to paragraph 7.4 (Emergency Prisoner Places),

the Contractor shall invoice the Authority with the APP Band Mobilisation Costs.

2.17.2 The Contractor shall take all reasonable steps to mitigate any APP Band Mobilisation Costs, for example (without limitation) through the effective redeployment and recruitment of staff. The Contractor shall demonstrate to the Authority what steps it is taking in this regard and provide clear documented evidence of the APP Band Mobilisation Costs actually incurred.

2.18 APP Band Demobilisation Cost

2.18.1 Not more than 3 (three) Months after the Month in which an APP Band or group of APP Bands is Deactivated, the Contractor shall invoice the Authority the APP Band Demobilisation Costs.

The Contractor shall take all reasonable steps to mitigate any APP Band Demobilisation Costs, for example (without limitation) through the effective redeployment of staff. The Contractor shall demonstrate to the Authority what steps it is taking in this regard and provide clear documented evidence of the APP Band Demobilisation Costs actually incurred.

2.19 Calculation of the Daily Total Immediate RRAPP Deduction

2.19.1 Where there is one or more Active Immediate RRAPP Band, the Daily Total Immediate RRAPP Deduction for each Day shall be calculated in accordance with the Immediate RRAPP Band Table as presented in **paragraph 17.5 (Daily Total Immediate RRAPP Deductions)**.

2.19.2 The DTIRD shall be subject to indexation in accordance with **paragraph 4 (Indexation)** where it shall be indexed in line with the OSNSC indexation.

- 2.19.3 No payment shall be made by the Authority for the mobilisation or demobilisation costs incurred by the Contractor as a result of the Authority Activating or Deactivating an Immediate RRAPP Band.

3. Monthly Contract Price Adjustments

Where pursuant to any of the provisions of this Contract an adjustment is made to the Monthly Contract Price (including where such adjustment is made under **Schedule 16 (Change Protocol)**), the Monthly Service Payment and any relevant underlying component parts as set out in **paragraph 2 (Monthly Payment)** shall be adjusted accordingly and thereafter all relevant calculations shall be carried out on the basis of such adjustments.

4. **Indexation**

4.1 Where elements of the Monthly Payment are expressly stated to be subject to indexation, such indexation shall take place on the Indexation Review Date in accordance with this **paragraph 4 (Indexation)**.

4.2 **Indexation of Operational Services Non-Staff Costs**

The Operational Services Non-Staff Costs for each Day shall be adjusted on each Indexation Review Date in accordance with the following formula:

$$\text{OSNSC} = \text{OSNSC}_n \times \text{OSNSCF}_n$$

where:

OSNSC = the Operational Services Non-Staff Costs;

OSNSC_n = the amount of Operational Services Non-Staff Costs per Available Prisoner Place per Day for the relevant Price Year as set out in the table in **paragraph 12.5 (Operational Services Available Prisoner Place Payment)**;

OSNSCF_n = the CPI factor by which price inflation is applied to the Operational Services Non-Staff Costs as follows:

(a) at the first Indexation Review Date this number shall be calculated in accordance with the following formula:

$$\text{OSNSCF}_n = 1 + \left(\frac{\text{CPI}_A - \text{CPI}_B}{\text{CPI}_B} \right)$$

(b) at each subsequent Indexation Review Date this number shall be calculated in accordance with the following formula:

$$\text{OSNSCF}_n = \text{OSNSCF}_{n-1} \times \left(1 + \left(\frac{\text{CPI}_A - \text{CPI}_B}{\text{CPI}_B} \right) \right)$$

where:

OSNSCF_{n-1} = OSNSCF_n as at the previous Indexation Review Date;

CPI_A = the level of CPI for the Month preceding the relevant

Indexation Review Date by three (3) Months; and

CPI_B = at the first Indexation Review Date, the level of CPI published for the Month preceding the Indexation Base Month by three (3) months; and at each subsequent Indexation Review Date, the level of CPI_A as at the last Indexation Review Date.

4.2.1 Any subsequent update to the CPI index, after the indexation calculation set out above has been performed, should be ignored unless the Office for National Statistics specifically identifies it as a restatement due to error.

4.2.2 In the event that the CPI ceases to be published by the Office for National Statistics, the Authority shall notify the Contractor of the replacement index to be used, such index to be introduced using the process set out in **Schedule 16 (Change Protocol)**.

4.3 **Indexation of Operational Services Staff Costs**

The Operational Services Staff Costs for each Day shall be adjusted on each Indexation Review Date in accordance with the following formula:

$$OSSC = OSSC_n \times OSSCF_n$$

where:

$OSSC$ = the Operational Services Staff Costs;

$OSSC_n$ = the amount of Operational Services Staff Costs per Available Prisoner Places per Day for the relevant Price Year as set out in the table in **paragraph 12.5 (Operational Services Available Prisoner Place Payment)**;

$OSSCF_n$ = the AWE factor by which price inflation is applied to the Operational Services Staff Costs, as follows

(a) at the first Indexation Review Date this number shall be calculated in accordance with the following formula:

$$OSSCF_n = 1 + \left(\frac{AWE_A - AWE_B}{AWE_B} \right)$$

(b) at each subsequent Indexation Review Date this number shall be

calculated in accordance with the following formula

$$\text{OSSCF}_n = \text{OSSCF}_{n-1} \times \left(1 + \left(\frac{\text{AWE}_A - \text{AWE}_B}{\text{AWE}_B} \right) \right)$$

where:

OSSCF_{n-1} = OSSCF_n as at the previous Indexation Review Date;

AWE_A = the level of AWE for the Month preceding the relevant Indexation Review Date by three (3) Months;

AWE_B = at the first Indexation Review Date, the level of AWE published for the Month preceding the Indexation Base Month by three (3) months; and at each subsequent Indexation Review Date, the level of AWE_A as at the last Indexation Review Date.

4.3.1 Any subsequent update to the AWE index, after the indexation calculation set out above has been performed, should be ignored unless the Office for National Statistics specifically identifies it as a restatement due to error.

4.3.2 In the event that the AWE index ceases to be published by the Office for National Statistics, the Authority shall notify the Contractor of the replacement index to be used, such index to be introduced using the process set out in **Schedule 16 (Change Protocol)**.

4.4 Indexation of RRAPP Deduction

4.4.1 For the purposes of indexation, the RRAPP Deduction for each RRAPP Band shall be divided into RRAPP Indexation Components:

- (a) RRAPP_1 , which shall be an amount equal to the percentage of the RRAPP Deduction that is made up of Non-Staff Costs, as set out in **paragraph 12.8 (Indexation of RRAPP Deduction)**;
- (b) RRAPP_2 , which shall be an amount equal to the percentage of the RRAPP Deduction that is made Staff Costs, as set out in **paragraph 12.8 (Indexation of RRAPP Deduction)**; and

4.4.2 For the avoidance of doubt, the sum of the RRAPP Indexation Components is 100%:

$$RRAPP_1 + RRAPP_2 = 100\%$$

4.4.3 At each Indexation Review Date, the RRAPP Deduction for each RRAPP Band shall be adjusted in two separate parts as follows:

- (a) $RRAPP_1$ shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Non-Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.2 (Indexation of Operational Services Non-Staff Costs)**; and
- (b) $RRAPP_2$ shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.3 (Indexation of Operational Services Staff Costs)**.

4.5 Indexation of APP Fee

4.5.1 For the purposes of indexation, the APP Fee for each APP Band shall be divided into APP Indexation Components:

- (a) APP Fee₁, which shall be an amount equal to the percentage of the APP Fee that is made up of Non-Staff Costs, as set out in **paragraph 8.6 (Indexation of APP Fee)**; and
- (b) APP Fee₂, which shall be an amount equal to the percentage of the APP Fee that is made Staff Costs, as set out in **paragraph 8.6 (Indexation of APP Fee)**.

4.5.2 For the avoidance of doubt, the sum of the APP Fee Indexation Components is 100%:

$$APP\ Fee_1 + APP\ Fee_2 = 100\%$$

4.5.3 At each Indexation Review Date, the APP Fee for each APP Band shall be adjusted in two separate parts as follows:

- (a) APP Fee₁ shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Non-Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.2 (Indexation of Operational Services Non-Staff Costs)**; and

- (b) APP Fee₂ shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.3 (Indexation of Operational Services Staff Costs)**.

4.6 **Indexation of Interventions Payment**

At each Indexation Review Date, the Interventions Staff Cost shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.3 (Indexation of Operational Services Staff Costs)**.

At each Indexation Review Date, the Interventions Non-Staff Cost shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Non-Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.2 (Indexation of Operational Services Non-Staff Costs)**.

4.7 **Indexation of Monthly Lifecycle Payment**

At each Indexation Review Date, the Annual Lifecycle Cost shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Non-Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.2 (Indexation of Operational Services Non-Staff Costs)**.

4.8 **Indexation of Daily Total Immediate RRAPP Deduction (DTIRD)**

At each Indexation Review Date, the DTIRD shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Non-Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.2 (Indexation of Operational Services Non-Staff Costs)**.

4.9 **Indexation of Ramp-Up Monthly Mobilisation Payment**

4.9.1 At each Indexation Review Date, the Ramp-Up Monthly Mobilisation Payment Staff Costs as set out in **paragraph 16.6** shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.3 (Indexation of Operational Services Staff Costs)**.

4.9.2 At each Indexation Review Date, the Ramp-Up Monthly Mobilisation Payment Non-Staff Costs as set out in **paragraph 16.6** shall be increased or decreased by the percentage

equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Non-Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.2 (Indexation of Operational Services Non-Staff Costs)**.

4.10 Indexation of the Operational Services Fixed Costs

4.10.1 At each Indexation Review Date, the Operational Services Fixed Costs shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Non-Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.2 (Indexation of Operational Services Non-Staff Costs)**.

5. Prisoner Places and Availability

5.1 Cell Certificates

5.1.1 On or before the commencement of the relevant Lease, the Authority shall provide the Contractor with:

- 5.1.1.1 the Cell Certificate Schedule;
- 5.1.1.2 the Cell Certificate Schedule Summary Sheet;
- 5.1.1.3 the Prisoner Accommodation (Operational Availability) document;
and
- 5.1.1.4 the Prisoner Accommodation (Notification of Change) document
(where relevant),

each signed by the Authority's Representative. These documents shall (inter alia) indicate in respect of each Prison Cell whether it has a Cell Certificate.

5.1.2 In respect of any Prison Cell which at the Services Commencement Date (or if later the date of commencement of the relevant Lease) is in compliance with the Cell Certificate Requirements but for which the relevant signed documentation as set out in **paragraph 5.1 (Cell Certificates)** has not been issued, any Prisoner Places in that Prison Cell shall solely for the purposes of Schedule 14 (Payment Mechanism) be treated as Available Prisoner Places until a Cell Certificate or a Non-Compliance Notice is issued for that Prison Cell.

5.2 Occupancy

5.2.1 A Prison Cell which is:

- 5.2.1.1 a Care and Separation Unit; or
- 5.2.1.2 within the healthcare area and is not designated for multiple occupancy,

may only contain one (1) Prisoner Place.

5.2.2 The Contractor shall not accommodate more than 2 (two) Prisoners in any Prison Cell (whether a Single Prison Cell or a Double Prison Cell), except in Prison Cells designated for multiple occupancy in the healthcare area.

5.2.3 The Contractor may Relocate a Prisoner if the Prisoner Place which such Prisoner

is occupying has become an Unavailable Prisoner Place, or otherwise as the Contractor deems necessary, provided that such Relocation does not prejudice the safety and security of the Prison or Prisoners.

5.3 Available Prisoner Place

A Prisoner Place shall constitute an Available Prisoner Place on any Day during the Service Period, if:

5.3.1 the Prison Cell in which that Prisoner Place is contained has a Cell Certificate; and

5.3.2 that Prisoner Place complies with the Minimum Requirements on that Day.

6. Prisoner Places and Unavailability

6.1 Notification of Unavailability

6.1.1 If a Prisoner Place becomes an Unavailable Prisoner Place the Contractor shall notify the Authority as soon as reasonably practicable and either:

6.1.1.1 relocate any Prisoner occupying the Prisoner Place which has become an Unavailable Prisoner Place into an alternative Available Prisoner Place; or

6.1.1.2 where there is no alternative Available Prisoner Place, request that the Authority remove the Prisoner occupying such Prisoner Place from the Prison.

The time of such notification shall be the Logged Unavailability Time.

6.1.2 The Authority shall, within a reasonable time after receipt of a request pursuant to **paragraph 6.1 (Notification of Unavailability)**, arrange for the Prisoner identified in the request to be removed from the Prison, and the provisions of **clause 66.1.1.5** of the Contract shall apply.

6.1.3 The Contractor shall, as soon as reasonably practicable after the Logged Unavailability Time, issue the Authority with a notice specifying (to the extent that each of the following can be determined by the Contractor using all reasonable endeavours):

6.1.3.1 the cause of the Unavailability; and

6.1.3.2 the Contractor's plans for rectifying any such Unavailability and the estimated period in which such Unavailability shall be rectified.

6.2 Unavailability Reports

The Contractor shall provide to the Authority:

6.2.1 on a daily basis, as part of the Daily Report, for so long as any Prisoner Place remains an Unavailable Prisoner Place, an update on the progress made in rectifying such Unavailability, together with any revised estimate as to when such Unavailability shall be rectified; and

6.2.2 on a Monthly basis, a report in accordance with **paragraph 10.3 (Monthly Reporting)** of all Unavailable Prisoner Places, together with confirmation of the lapsed time between the Logged Unavailability Time and the Logged Rectification

Time.

6.3 **Dispute**

If the Authority and the Contractor disagree over whether an incident of Unavailability has arisen, or as to its duration, the Authority's decision shall prevail for the purposes of calculating the Monthly Payment and the Contractor may refer the matter to the Dispute Resolution Procedure.

6.4 **Commencement of Unavailability**

6.4.1 If any Unavailability of a Prisoner Place notified in accordance with **paragraph 6.1 (Notification of Unavailability)** has been rectified by the end of the Rectification Period, then it shall be deemed that no Unavailability of that Prisoner Place occurred on that occasion for the purpose of calculating the number of Available Prisoner Places on that Day

6.4.2 If any Unavailability of a Prisoner Place notified in accordance with **paragraph 6.1 (Notification of Unavailability)** has not been rectified by the end of the Rectification Period, then it shall be deemed that the relevant Prisoner Place was an Unavailable Prisoner Place from the Logged Unavailability Time up to (and including) the Logged Rectification Time for the purpose of calculating the number of Available Prisoner Places on that Day.

6.5 **Refusal to Accept Prisoners**

If at any time after the Services Commencement Date the Contractor refuses to accept a Prisoner to occupy any Available Prisoner Place, that Available Prisoner Place shall be deemed to be an Unavailable Prisoner Place from the time of such refusal by the Contractor until the earlier of:

6.5.1 the date on which the Prisoner is placed in an Available Prisoner Place; and

6.5.2 the date on which Prisoners have occupied Available Prisoner Places up to the level of the CNA Level and any Activated APP Bands at any time after the date of the Contractor's refusal,

unless in requesting that the Prisoner occupy such Available Prisoner Place, the Authority is not acting in accordance with any Authority Policies concerning the allocation of Prisoners.

6.6 **Rectification for Failure to Comply with the Minimum Requirements**

If a Prisoner Place is an Unavailable Prisoner Place because of a failure to comply with the

Minimum Requirements, the period of Unavailability shall be determined in accordance with the following procedure:

- 6.6.1 the Contractor shall immediately notify the Authority when it believes that any Unavailability has been rectified, and such notice shall be the "Minimum Requirement Rectification Notice";
- 6.6.2 the time of such Minimum Requirement Rectification Notice shall be the "Logged Rectification Time" in relation to such Unavailability;
- 6.6.3 the Authority's Representative or other nominated officer of the Authority shall:
 - 6.6.3.1 be entitled to inspect the Prisoner Place that is the subject of the Minimum Requirement Rectification Notice; and
 - 6.6.3.2 carry out such inspection and notify the Contractor of whether or not it agrees that the Unavailability has been rectified by no later than three (3) Business Days after the Minimum Requirement Rectification Notice;
- 6.6.4 if the Authority:
 - 6.6.4.1 notifies the Contractor that it agrees that the Unavailability has been rectified; or
 - 6.6.4.2 does not notify the Contractor pursuant to **paragraph 6.6.3.2**,the relevant Prisoner Place shall be deemed to be an Available Prisoner Place from the Logged Rectification Time;
- 6.6.5 if the Authority notifies the Contractor pursuant to **paragraph 6.6.3.2** that it does not agree that the Unavailability has been rectified, the relevant Prisoner Place shall be deemed to be an Unavailable Prisoner Place from the Logged Unavailability Time until such time as the Authority notifies the Contractor that it agrees that the Unavailability has been rectified; and
- 6.6.6 the Authority's decision shall prevail for the purposes of determining whether the relevant Unavailability has been rectified, provided that the Contractor may refer the matter to the Dispute Resolution Procedure.

6.7 Cell Certificate Rectification

- 6.7.1 If a Prisoner Place is an Unavailable Prisoner Place because that Prisoner Place is in a Prison Cell:

- 6.7.1.1 that does not have a Cell Certificate;
- 6.7.1.2 in relation to which a Non-Compliance Notice has been issued under **clause 18.2 (Inspection and Non-Compliance)**; or
- 6.7.1.3 in relation to which an event has occurred as referred to in **clause 18.3 (Notification of Events affecting Cell Certificates or Availability)** which could reasonably be expected to result in a Cell Certificate being withdrawn,

the period of Unavailability shall be determined in accordance with the procedure set out in **paragraph 6.7.2**.

- 6.7.2 The period of Unavailability referred to in **paragraph 6.7.1** shall be determined as follows:

- 6.7.2.1 the Contractor shall immediately notify the Authority when it believes that any such Unavailability has been rectified and the Contractor has remedied the matter referred to in the Non-Compliance Notice, and such notification shall be the "Cell Certificate Rectification Notice";
- 6.7.2.2 the time of the Cell Certificate Rectification Notice shall be the "Logged Rectification Time" in relation to such Unavailability;
- 6.7.2.3 the Authority's Representative shall within three (3) Business Days after the Cell Certificate Rectification Notice inspect any relevant Prison Cell for the purposes of ascertaining whether a Cell Certificate should be reinstated and either:
 - (a) issue a Cell Certificate confirming that the Authority's Representative is satisfied that the Prison Cell in question complies with the Cell Certificate Requirements; or
 - (b) issue a further Non-Compliance Notice;
- 6.7.2.4 if the Authority's Representative:
 - (a) issues a Cell Certificate in respect of the Prison Cell in question; or
 - (b) fails to issue a Cell Certificate or a Non-Compliance Notice in respect of the Prison Cell in question

pursuant to **paragraph 6.7.2.3**, and such Prison Cell would, but for such failure by the Authority's Representative, have been treated as being an Available Prisoner Place,

the relevant Prisoner Place shall be deemed to be an Available Prisoner Place from the Logged Rectification Time until such time as the Authority's Representative issues a Cell Certificate;

6.7.2.5 if the Authority's Representative issues a Non-Compliance Notice:

- (a) the Contractor shall attend to such matters referred to in the Non-Compliance Notice and shall give the Authority a further Cell Certificate Rectification Notice in accordance with **paragraph 6.7.2.1** (but dealing only with the matters referred to in the Non-Compliance Notice) so that the procedures in this **paragraph 6.7.2** are repeated as often as necessary to ensure that all outstanding matters in the Non-Compliance Notice are attended to and a Cell Certificate is issued in respect of such Prison Cell; and
- (b) the relevant Prisoner Place shall be deemed to be an Unavailable Prisoner Place from the Logged Unavailability Time until such time as a Cell Certificate is issued pursuant to **paragraph 6.7.2.4**;

6.7.2.6 the Authority's decision shall prevail for the purposes of determining whether the relevant Unavailability has been rectified, provided that the Contractor may refer the matter to the Dispute Resolution Procedure.

7. Notification of Reduction in Requirement for Available Prisoner Places (RRAPPs)

7.1 RRAPP Bands

- 7.1.1 The Authority shall be entitled to reduce its requirement for Available Prisoner Places at each Prison in accordance with the provisions of this **paragraph 7 (Notification of Reduction in Requirement for Available Prisoner Places (RRAPPs))**.
- 7.1.2 Subject to **paragraph 7.1.3**, the Contractor may choose which Prison Cells and which Prisoner Places within those Prison Cells to make unavailable in order to reduce the Available Prisoner Places to meet such reduced requirement.
- 7.1.3 Where the Authority proposes to specify which Prison Cells or which Prisoner Places within those Prison Cells shall be made unavailable in order to reduce the Available Prisoner Places to meet such reduced requirement, the Authority shall issue a Change Notice and the remaining provisions of this **paragraph 7 (Notification of Reduction in Requirement for Available Prisoner Places (RRAPPs))** shall not apply, save that the RRAPP Deductions which would otherwise apply in accordance with this **paragraph 7 (Notification of Reduction in Requirement for Available Prisoner Places (RRAPPs))** shall be used by the Contractor to support and evidence any cost reductions proposed by the Authority pursuant to **Schedule 16 (Change Protocol)**.
- 7.1.4 The numbers of Available Prisoner Places required for each Prison shall be divided into bands in the form set out in the table below (each a "RRAPP Band"):

RRAPP Band	Number of Available Prisoner Places in RRAPP Band	Cumulative RRAPP Limit	RRAPP Deduction (RD) (£)
1	v	v	
2	w	v + w	
3	x	v + w + x	
4	y	v + w + x + y	
5	z	v + w + x + y + z	

etc.			
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7.1.5 The Authority may reduce the number of Available Prisoner Places required for a Prison by Activating one or more RRAPP Bands in accordance with **paragraph 7.2 (RRAPP Band Activation)** and from the date on which the RRAPP Band(s) becomes Active make RRAPP Deductions from the Daily Payment in respect of the Available Prisoner Places in the Activated RRAPP Band calculated in accordance with **paragraph 2.5.2 (Calculation of Daily Total RRAPP Deduction)**.

7.1.6 Where the Authority has reduced the number of Available Prisoner Places in accordance with **paragraph 7.2 (RRAPP Band Activation)**, it may subsequently require the Contractor to provide that number of Available Prisoner Places by Deactivating one or more RRAPP Bands in accordance with **paragraph 7.3 (RRAPP Band Deactivation)**, and from the date on which any such RRAPP Bands becomes Deactivated the RRAPP Deductions made in respect of the Available Prisoner Places in such RRAPP Bands shall cease to be made.

7.1.7 The applicable RRAPP Band details for each Prison are set out in paragraph 13 (Prison Specific Information).

7.2 **RRAPP Band Activation**

7.2.1 The Authority may Activate one or more RRAPP Bands by issuing to the Contractor a notice (the "RRAPP Band Activation Notice") in accordance with **paragraph 7.2.7**.

7.2.2 Where one or more RRAPP Bands are Activated, the number of Available Prisoner Places required by the Authority shall be reduced by the number of Available Prisoner Places specified for such RRAPP Bands in the relevant RRAPP Band table.

7.2.3 The RRAPP Band Mobilisation Period for each RRAPP Band shall be:

7.2.3.1 one (1) Month for the first five (5) RRAPP bands; and

7.2.3.2 three (3) Months for each RRAPP band thereafter.

7.2.4 Where a planned RRAPP Band Activation has been agreed by the Parties in writing at the Commencement Date, the provisions in **paragraph 7.2.3** shall not apply and. in this instance there will be no minimum length for the RRAPP Band

Mobilisation Period.

- 7.2.5 The Minimum RRAPP Band Period for each RRAPP Band shall be six (6) months save where a planned RRAPP Band Activation has been agreed by the Parties in writing at the Commencement Date. In this instance there will be no minimum length for the Minimum RRAPP Band Period.
- 7.2.6 Where two or more RRAPP Bands are Activated in a single RRAPP Band Activation Notice, such periods shall run concurrently.
- 7.2.7 The RRAPP Band Activation Notice shall specify:
- 7.2.7.1 any RRAPP Bands which the Authority wishes to Activate; and
 - 7.2.7.2 the date on which such RRAPP Bands become Active, which shall be a date no earlier than the expiry of the relevant RRAPP Band Mobilisation Period after the date of the RRAPP Band Activation Notice.
- 7.2.8 The Authority may only Activate RRAPP Bands in ascending numerical order, commencing with RRAPP Band 1.
- 7.2.9 Subject to **paragraph 7.3 (RRAPP Band Deactivation)**, the Contractor's obligation to provide Available Prisoner Places in any Active RRAPP Band shall cease on the date specified in the RRAPP Band Activation Notice.

7.3 RRAPP Band Deactivation

- 7.3.1 If the Authority no longer requires one or more RRAPP Bands to be Active, it shall give the Contractor written notice of the date on which the RRAPP Band(s) will cease to be Active (a "RRAPP Band Deactivation Notice"), provided that:
- 7.3.1.1 such date is no earlier than the expiry of the relevant RRAPP Band Demobilisation Period after the date of the RRAPP Band Deactivation Notice; and
 - 7.3.1.2 such date will not result in the RRAPP Band(s) being Active for less than the Minimum RRAPP Band Period.
- 7.3.2 The RRAPP Band Demobilisation Period for each RRAPP Band shall be:
- 7.3.2.1 one (1) Month for the first five (5) RRAPP Bands; and
 - 7.3.2.2 three (3) Months for each RRAPP Band thereafter.

- 7.3.3 Where a planned RRAPP Band Activation has been agreed by the Parties in writing at the Commencement Date, the provisions in **paragraph 7.3.2** shall not apply and, in this instance there will be no minimum length for the RRAPP Band Demobilisation Period.
- 7.3.4 The Authority may only Deactivate RRAPP Bands in descending numerical order, commencing with the Active RRAPP Band that has the highest number.
- 7.3.5 The Contractor shall provide the Authority with the number of Available Prisoner Places in a Deactivated RRAPP Band from the date specified in the relevant RRAPP Band Deactivation Notice.

Bidder Note: The maximum number of RRAPP Bands will be set on a Project Specific basis but will not exceed 50% of the Maximum Available Prisoner Places level.

7.4 **Emergency Prisoner Places**

- 7.4.1 Notwithstanding **paragraphs 7.2 (RRAPP Band Activation)** and **7.3 (RRAPP Band Deactivation)**, the Authority may give the Contractor an emergency notice that it requires Available Prisoner Places within Active RRAPP Bands to be provided as soon as reasonably practicable to meet an urgent requirement, provided that the Authority may only give such notification in respect of Active RRAPP Bands in descending numerical order commencing with the Active RRAPP Band that has the highest number.
- 7.4.2 The Contractor shall provide the Available Prisoner Places notified pursuant to **paragraph 7.4.1** as soon as reasonably practicable, and from the date of provision of such Available Prisoner Places the applicable RRAPP Bands shall cease to be Active and the RRAPP Deductions in respect of the Available Prisoner Places in any such RRAPP Bands shall cease to be made.
- 7.4.3 All RRAPP Bands must be Deactivated before the Authority can Activate an APP Band for Additional Prisoner Places.

8. Additional Prisoner Places
8.1 APP Bands

8.1.1 The Contractor shall provide no less than *[to insert for each contract]* Available Prisoner Places, subject to the provisions of **paragraph 7 (Notification of Reduction in Requirement for Available Prisoner Places (RRAPP))** and the other provisions of this Schedule relating to adjustments to the number of Prisoner Places. This paragraph sets out the process for Activating Additional Prisoner Places (APPs). On and from the Services Commencement Date, the Contractor shall make available to the Authority up to *[to insert for each contract]* Additional Prisoner Places in accordance with this **paragraph 8 (Additional Prisoner Places)**.

8.1.2 The Additional Prisoner Places shall be divided into [PROJECT SPECIFIC] bands (APP Bands) as set out in the table, where APP Band 1 is the lowest APP Band i.e. it represents the [PROJECT SPECIFIC] and APP Band [PROJECT SPECIFIC] is the highest APP Band:

APP Band	Maximum No of Additional Prisoner Places in APP Band	Start of APP Band (Prisoner Places)	End of APP Band (Prisoner Places)	Minimum Contracted Capacity (Prisoner Places)	Aggregate Number of Additional Prisoner Places
1	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]

8.1.3 The Authority may increase the number of Available Prisoner Places required for a Prison by Activating one or more APP Bands in accordance with **paragraph 8.2 (APP Band Activation)** and from the date on which the APP Band(s) becomes Active pay the APP Fees in respect of the Additional Prisoner Places in the Activated APP Band calculated in accordance with **paragraph 2.5.3 (Calculation of Daily Total APP Payment)**.

8.1.4 Where the Authority has increased the number of Available Prisoner Places in accordance with **paragraph 8.2 (APP Band Activation)**, it may subsequently require the removal of those Additional Prisoner Places by Deactivating one or more APP Bands in accordance with **paragraph 8.3 (APP Band Deactivation)**, and from the date on which any such APP Bands becomes Deactivated the APP

Fees paid in respect of the Available Prisoner Places in such APP Bands shall cease to be payable.

8.2 APP Band Activation

8.2.1 The Authority may Activate one or more APP Bands by issuing to the Contractor a notice (the "APP Band Activation Notice") in accordance with **paragraph 8.2.6**.

8.2.2 The Contractor shall not be obliged to make available an Additional Prisoner Place under any of APP Bands if in requesting that a Prisoner occupy such Additional Prisoner Place, the Authority is not acting in accordance with any Authority Policies concerning the allocation of Prisoners.

8.2.3 If the Authority requires Additional Prisoner Places, it shall give the Contractor:

8.2.3.1 not less than seven (7) Days' written notice for the first two (2) APP Bands; and

8.2.3.2 thereafter not less than thirty (30) days' written notice for the remaining APP Bands for the APP Band or APP Bands it requires,

8.2.3.3 prior to the date from which such APP Band or APP Bands is or are required.

8.2.4 Where two or more APP Bands are activated in a single APP Band Activation Notice, such periods shall run concurrently.

8.2.5 The Contractor shall make available to the Authority the aggregate number of Additional Prisoner Places applicable to the highest APP Band so notified from the date specified in the APP Band Activation Notice (or in any notice amending such notice) until the date it is no longer obliged to make them available in accordance with **paragraph 8.3 (APP Band Deactivation)**.

8.2.6 The APP Band Activation Notice shall specify:

8.2.6.1 any APP Bands which the Authority wishes to activate; and

8.2.6.2 the date on which such APP Bands become Active, which shall be a date no earlier than the expiry of the relevant notice period in accordance with **paragraph 8.2.3**.

8.2.7 The Authority may only Activate APP Bands in ascending numerical order, commencing with APP Band 1.

8.3 APP Band Deactivation

8.3.1 If the Authority no longer requires one or more APP Bands to be Active, it shall give the Contractor not less than thirty (30) days written notice of the date on which the APP Band(s) will cease to be Active (an "APP Band Deactivation Notice") and the APP Band shall cease to be Active on the earliest to occur of:

8.3.1.1 such date; or

8.3.1.2 the expiry of the Minimum APP Band Period.

8.3.2 The Authority may only Deactivate APP Bands in descending numerical order, commencing with the Active APP Band that has the highest number.

8.3.3 If the Authority requires any APP Band under **paragraph 8.1 (APP Bands)**, the APP Band shall be deemed required for a minimum period of three (3) months from the date specified in the notice.

8.4 Emergency Prisoner Places

8.4.1 The notice periods required under **paragraph 8.2 (APP Band Activation)** shall not apply in the case of emergencies; in such cases, notwithstanding any of the other provisions of this Contract, the Authority may require Additional Prisoner Places within any of APP Bands to be provided by the Contractor with immediate effect, but will afford the Contractor such assistance as is reasonably required in the circumstances.

8.5 Additional Prisoner Place Fees

8.5.1 The amount payable per Additional Prisoner Place per Day for Additional Prisoner Places in an APP Band shall be the APP Fee ("AF") corresponding to such APP Band, such amount being set out in the following table:

APP Band	Number of Additional Prisoner Places	APP Fee ₁ (AF) (£)	APP Fee ₂ (AF) (£)	Minimum Additional Contracted Capacity
1	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]

8.5.2 From the date on which the APP Band becomes Active until it is Deactivated:

8.5.2.1 the Additional Prisoner Places comprised within all but the highest Activated APP Band at any given time shall be paid for on an **Availability Basis** at the APP Fee applicable to that APP Band or APP Bands; and

8.5.2.2 the Additional Prisoner Places in the highest Activated APP Bands at any given time in respect of which such notice was served shall be paid for on a **Utilised Basis** at the APP Fee applicable to that APP Band. The Utilised basis calculation will be performed daily by pro rating the total payment for the APP Band by the number of occupied Prison Cells.

8.5.3 The Aggregate APP Fee shall be the sum of the APP Fees payable per Additional Prisoner Place per Day as determined in accordance with **paragraphs 8.5.2.1 and 8.5.2.2**.

8.5.4 APP Band Mobilisation and APP Band Demobilisation costs will be paid by the Authority as set out in paragraph 2.17 (APP Band Mobilisation Costs) and 2.18 (APP Band Demobilisation Costs).

8.5.5 The Additional Prisoner Places Fee **in paragraph 8.5.1** is the real rate at the Contract Commencement Date, and shall be increased on each Review Date in accordance with **paragraph 8.6 (Indexation of the APP Fee)**.

8.6 Indexation of the APP Fee

8.6.1 For the purposes of indexation, the APP Payment shall be divided into two APP Indexation Components, each of which shall be indexed in different ways, as set out in the table below:

APP Fee Indexation Components	Percentage (%)
AWE APP Fee ₁	[PROJECT SPECIFIC]
CPI APP Fee ₂	[PROJECT SPECIFIC]

8.7 Certified Normal Accommodation Level

Where as a result of the Activation or Deactivation of one or more RRAPP Bands or APP

Bands either Party proposes that the Certified Normal Accommodation Level at the Prison should be amended, such proposed amendment shall be dealt with as an Authority Change or a Contractor Change (as relevant) in accordance with the provisions of **Schedule 16 (Change Protocol)**.

9. Escapes
9.1 Type of Escape

If an event identified in the left hand column of the table below occurs, the Contractor shall pay to the Authority the sum identified in the right hand column of the table below for each Prisoner that the event applies to:

Event	Base Sum payable¹
A Prisoner unlawfully gains his liberty by breaching the secure perimeter of the Prison (including the outside wall or boundary of the Prison)	[Ninety thousand pounds (90,000)]
A Prisoner unlawfully gains his liberty while being escorted by the Contractor outside the Prison by passing beyond the control of the accompanying member of Contractor's Staff for more than fifteen (15) minutes	[Sixty-five thousand pounds (65,000)]
A Prisoner unlawfully gains his liberty while being escorted by the Contractor outside the Prison by passing beyond the control of the accompanying member of Contractor's Staff for fifteen (15) minutes or less	[Thirty thousand pounds (30,000)]
A Prisoner unlawfully gains his liberty while being escorted by the Contractor outside the Prison by passing beyond the control of the accompanying member of Contractor's Staff and commits a further offence (regardless of how long the Prisoner is unlawfully at liberty)	[Sixty-five thousand pounds (65,000)]

9.2 Payment for Escapes

9.2.1 If an event of Prisoner escape is such that it can be classified as an occurrence of more than one of the events identified in the table at **paragraph 9.1 (Type of Escape)**, then the Authority shall only be entitled to payment in respect of one (1) such event, but shall be entitled to payment by reference to the applicable event which attracts the highest payment.

9.2.2 At each Indexation Review Date, the sums referred to in this **paragraph 9**

¹ The Base Sum payable (as set out in the table under paragraph 9.1) for each type of Escape as identified in the table at **paragraph 9.1 (Type of Escape)** are presented with a Price Base Date of June 2018. These costs will be amended in line with the base date for the year of the Commencement Date.

(Escapes) shall be increased or decreased by the percentage equal to the percentage increase or decrease (as the case may be) in the level of Operational Services Non-Staff Costs occurring on the relevant Indexation Review Date pursuant to **paragraph 4.2 (Indexation of Operational Services Non-Staff Costs)**;

- 9.2.3 The Authority shall invoice the Contractor directly and the Contractor shall make all payments due under this **paragraph 9 (Escapes)** as soon as reasonably practicable, but in any event within ten (10) Days following receipt of invoice.

10. Reporting**10.1 Daily Report**

10.1.1 In respect of each Day during the Service Period, the Contractor shall produce and provide the Authority with copies of a Daily Report which shall include details of:

- 10.1.1.1 all Available Prisoner Places;
- 10.1.1.2 all Unavailable Prisoner Places and all Logged Unavailability Times;
- 10.1.1.3 the number of Prisoners accommodated at the Prison;
- 10.1.1.4 the number of Prisoners sharing a Prison Cell;
- 10.1.1.5 total number of Contractor Doubled Up Prisoners;
- 10.1.1.6 the number Contractor Doubled Up Prisoners for a Legitimate Operational Reasons;
- 10.1.1.7 the number of Authority required Doubled Up Prisoners; and
- 10.1.1.8 the number of Contractor Doubled Up Prisoners exceeding the Permitted Level.

10.1.2 The Contractor shall:

- 10.1.2.1 provide each Daily Report to the Controller by nine (9) a.m. on the Day following the Day to which such Daily Report refers; and
- 10.1.2.2 enter full details of the Daily Report into P-NOMIS within one (1) hour after lock-up on the Day to which it relates.

10.2 Incorrect Daily Reports

10.2.1 The Controller and/or the Authority's Representative may at any time inspect the Prison to verify the information in any Daily Report.

10.2.2 If any Daily Report is found to be incorrect (an "Incorrect Daily Report") in respect of any Days for which the Authority has made payment and as a result the Contractor has received an overpayment (an "Incorrect Overpayment"):

- 10.2.2.1 the Contractor shall, within five (5) Business Days of the date on which such Incorrect Daily Report is found to be incorrect, notify

the Authority of the Incorrect Overpayment. The Authority will raise an invoice for an amount equal to the Incorrect Overpayment. The Contractor will pay the invoice as soon as possible and in any event within thirty (30) Days plus interest at the Prescribed Rate calculated from the date of the Incorrect Overpayment until the date of such payment by the Contractor; and

10.2.2.2 the Daily Reports for any Days in respect of which the Authority has not yet made payment shall be altered to the extent required to correct all occurrences of the error and any invoice already issued in respect of such Days shall be amended to reflect such alteration.

10.2.3 If any Incorrect Daily Report arises solely as the result of an error or omission by the Authority and the Contractor demonstrates to the reasonable satisfaction of the Authority that such error or omission has resulted in the Contractor receiving an underpayment (an "Incorrect Underpayment") in respect of the Day to which such Incorrect Daily Report relates, then:

10.2.3.1 the Authority shall, within thirty (30) Days of receipt of invoice from the Contractor, after the Contractor demonstrates to the reasonable satisfaction of the Authority that such error or omission resulted in the Incorrect Underpayment, pay to the Contractor the difference between the amount of such Incorrect Underpayment and the correct amount which should have been paid to the Contractor, plus interest at the Prescribed Rate calculated from the date of the Incorrect Underpayment until the date of such payment by the Authority; and

10.2.3.2 the Daily Reports for any Days in respect of which the Authority has not yet made payment shall be altered to the extent required to correct all occurrences of the error and any invoice already issued in respect of such Days shall be amended to reflect such alteration.

10.3 Monthly Reporting

10.3.1 Within five (5) Business Days after the end of each Month, the Contractor shall submit a report to the Authority containing in respect of the Month just ended:

10.3.1.1 a summary of the number of Available Prisoner Places on each Day of that Month and how many of such Available Prisoner Places are to be paid for as APPs;

- 10.3.1.2 a summary of the number of Unavailable Prisoner Places on each Day of the Month;
- 10.3.1.3 a summary of the Active RRAPP Bands on each Day of that Month and any Daily Total RRAPP Deductions to be made pursuant to **paragraph 2.5.2 (Calculation of Daily Total RRAPP Deduction)**;
- 10.3.1.4 a summary of the Active Additional Prisoner Places on each Day of that Month and any Daily Total APP Payment to be made pursuant to **paragraph 2.5.3 (Calculation of Daily Total APP Payment)**;
- 10.3.1.5 a summary of the Utility Service usage in that Month for each Utility Service;
- 10.3.1.6 a summary of the number of Contractor Doubled Up Prisoners, the Permitted Level and the CDUP Excess (if any) on each Day of the Month and any reduction to be made pursuant to **paragraph 2.13 (Contractor Doubled Up Prisoners Reduction)**;
- 10.3.1.7 a summary of the performance of the Services, together with a list of all Performance Points which have accrued in that Month and a description of the failure in providing the Custodial Service that led to such Performance Point accruing;
- 10.3.1.8 in respect of the last Month in each Performance Quarter, details of the Performance Points which have accrued in that Performance Quarter;
- 10.3.1.9 a report showing for that Month the Monthly Payment and, individually, each item taken into account in calculating the Monthly Payment for that Month;
- 10.3.1.10 if relevant, a summary of the Actual Prisoner Work Hours Percentage on each Day of the Month and any other reporting information requested by the Authority;
- 10.3.1.11 any matters in respect of which a payment would be owed by the Contractor to the Authority; and
- 10.3.1.12 a summary of the Active Immediate RRAPP Bands on each Day of that Month and any Daily Total Immediate RRAPP Deductions to be made pursuant to **paragraph 2.5.2 (Calculation of Daily Total Immediate RRAPP Deduction)**.

11. Invoicing and Payment

The Contractor shall submit all invoices in accordance with **clause 39.2 (Report and Invoice)** by email and in paper form (or such other form as the Authority may reasonably require) to the Authority's nominated invoice processing centre: HMPS Shared Service Centre, Phoenix House, Celtic Springs Business Park, Newport, Gwent NP10 8FZ (or such other address as the Authority may, from time to time, require). For the avoidance of doubt, no element of the Monthly Contract Price shall be due or payable prior to the Services Commencement Date (and accordingly no invoice shall be raised in respect of any Month prior to such date), save as permitted under **paragraph 2.2 (Monthly Mobilisation Payment)**.

12. Prices

12.1 Subject to indexation if applicable, the amount payable by the Authority to the Contractor in respect of the APP Fee, the Operational Services Available Prisoner Place Payment, the Monthly Interventions Payment, the Monthly Insurance Fee, the RRAPP Deduction, the Monthly Lifecycle Payment, the Monthly Mobilisation Payment and the Immediate RRAPP Deduction shall be as set out in the tables in **paragraphs 8.5 (Additional Prisoner Place Fees), 12.5 (Operational Services Available Prisoner Place Payment), 12.6 (Monthly Interventions Payment), 12.7 (Insurance Cost), 13.1.4 (RRAPP Band Table), 15 (Lifecycle Cost Programme), 16 (Monthly Mobilisation Payment Schedule) and 17.5 (Daily Total Immediate RRAPP Band Deductions).**

12.2 In accordance with Part 2 of **Schedule 18 (TUPE Employees and Pensions)**, the Contractor may request a TUPE Surcharge payment which the Authority may grant. Payment for the TUPE Surcharge will be in accordance with **paragraph 2.12 (TUPE Surcharge).**

12.3 NOT USED.

12.4 NOT USED

12.5 Operational Services Available Prisoner Place Payment

The Operational Services Non-Staff Costs, Operational Services Staff Costs and the Operational Services Fixed Costs used to calculate the Operational Services Available Prisoner Place Payment for each Day in each Price Year shall be as set out below:

Price Year	Operational Services Non-Staff Costs (OSNSC)	Operational Services Staff Costs (OSSC)	Operational Services Fixed Costs (OSFC)
[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]

12.6 Monthly Interventions Payment

The Annual Interventions Cost used to calculate the Monthly Interventions Payment shall be as set out below:

Price Year	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
Interventions Staff Costs	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
Interventions Non-Staff Costs	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
Annual Interventions Cost (AIC)	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
Monthly Interventions Cost (MIP)	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
Volume of Interventions	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]

Bidder Note: the volume of Interventions section will be a bid back item in the Financial Reporting Template and will be used in the annual Interventions reconciliation. Table 12.6 above will be updated each year following agreement of the Annual Interventions Plan.

12.7 Insurance Cost

The Insurance Cost in each Price Year, used to calculate the Monthly Insurance Fee, shall be as set out below:

Price Year	Insurance Cost
[PROJECT SPECIFIC]	[PROJECT SPECIFIC]

12.8 Indexation of RRAPP Deduction

For the purposes of indexation, the RRAPP Deduction for all RRAPP Bands shall be divided into two RRAPP Indexation Components, each of which shall be indexed in different ways, as set out in **paragraph 4.4 (Indexation of RRAPP Deduction)**:

RRAPP Indexation Components	Percentage (%)
AWE RRAPP ₁	[PROJECT SPECIFIC]
CPI RRAPP ₂	[PROJECT SPECIFIC]

12.9 Amendments to the Base Case

12.9.1 Where the Base Case is amended or updated pursuant to **clause 59 (Financial Adjustments)**, the relevant figures set out in this **paragraph 12 (Prices)** shall be adjusted accordingly using the process set out in **Schedule 16 (Change Protocol)**.

12.9.2 For the avoidance of doubt, amendments and updates to the Base Case as set out in **paragraph 12.9.1** shall be subject, without limitation, to the provisions of **clauses 59.2 and 59.3 (Financial Adjustments)** in respect of the Contractor being left in a "no better and no worse position".

13. Prison Specific Information
13.1 HMP []

13.1.1 MAPP: [PROJECT SPECIFIC] + [PROJECT SPECIFIC] on any Day

13.1.2 Certified Normal Accommodation Level: [PROJECT SPECIFIC]

13.1.3 Permitted Level: [PROJECT SPECIFIC]

13.1.4 RRAPP Band Table

RRAPP Band	Number of Available Prisoner Places in RRAPP Band	Cumulative RRAPP Limit	RRAPP Deduction ₁ (RD) (£)	RRAPP Deduction ₂ (RD) (£)
1	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]

13.1.5 Annual Utility Adjustments

13.1.5.1 The table below sets out the Utility Target for each Utility Service in each Contract Year.

13.1.5.2 Utility Target (UT)

	Contract Year 1	Contract Year 2	Contract Year 3	Contract Year 4	Contract Year 5-10
Electricity Day (Kwh)	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
Electricity Night (Kwh)	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
Gas (Kwh)	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
Water (m ³)	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]

Bidder Note: Where the Prison is a New Prison, from the Services Commencement Date until the date [PROJECT SPECIFIC] months after the Services Commencement Date, the Utility Fee for the Prison shall be the actual cost the Contractor incurs in procuring Utilities Services for the Prison. Following the completion of the [PROJECT SPECIFIC] months, a Utility Target will be set for each Utility Service for the remainder of the Service Period and incorporated into the table set out in paragraph 13.1.5.2.

14. Ramp-Up Timetable

14.1 Where the Prison is a New Prison, the Ramp-Up timetable shall be as set out in the table below.

Services Commencement Date [PROJECT SPECIFIC]	Number of Available Prisoner Places to be provided	Cumulative Number of Available Prisoner Places to be provided
Services Commencement Date	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
SCD + [PROJECT SPECIFIC] Days	[PROJECT SPECIFIC]	[PROJECT SPECIFIC] + [PROJECT SPECIFIC]
Contractual Full Date	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]

15. Lifecycle Cost Programme

- 15.1 The following table sets out the Annual Lifecycle Cost for each year in the Services Period. Costs are presented in real terms including the Project Profit Margin and will be subject to indexation in accordance with **paragraph 4 (Indexation)**.

Contract Year	Annual Lifecycle Cost
[PROJECT SPECIFIC]	[PROJECT SPECIFIC]
Total	[PROJECT SPECIFIC]

16. Monthly Mobilisation Payment Schedule

16.1 The Monthly Mobilisation Payment shall be payable in the following two periods:

16.1.1 the Preparation for Service Period; and

16.1.2 where the Prison is a New Prison, the Ramp-Up Period.

16.2 Mobilisation costs incurred during the Preparation for Service Period by the Contractor will be reimbursed by the Authority on a cost incurred basis with the Contractor's Project Profit Margin applied to the total cost incurred on a monthly basis. The maximum cost reimbursed in each month will be equal to the agreed cumulative Preparation of Services payment profile as set out in **paragraph 16.5**. Payments by the Authority will be paid on a monthly basis in accordance with invoices submitted by the Contractor following the end of each calendar month. The Preparation of Services Period Monthly Mobilisation Payment shall not be subject to indexation.

16.3 The Monthly Mobilisation Payment in respect of Ramp-Up costs are paid monthly as set out at **paragraph 16.6**. The Ramp-Up Monthly Mobilisation Payment shall be subject to indexation in accordance with **paragraph 4 (Indexation)**.

16.4 The Monthly Mobilisation Payment (for both the Preparation of Services Period and the Ramp-Up Period) is subject to a five percent (5.00%) retention (the "Mobilisation Retention Amount") in each Month it is payable. The retained amount will be paid in full to the Contractor following agreement of the Annual Custodial Services Delivery Plan for the second (2nd) Contract Year as set out in **clause 24 (Annual Custodial Services Delivery Plan)**.

16.5 The following table sets out the Preparation of Services Period Monthly Mobilisation Payment for each Contract Month it is payable:

Contract Year	Contract Month	Preparation of Service Mobilisation Payment (MMP1) (£)
[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC] * [PROJECT SPECIFIC]%

16.6 The following table sets out the Ramp-up Monthly Mobilisation Payment for each Contract Month it is payable:

Contract Year	Contract Month	Ramp-Up Mobilisation Payment – Staff Costs (£)	Ramp-Up Mobilisation Payment – Non-Staff Costs (£)	Ramp-Up Mobilisation Payment (MMP₂) (£)
[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC] * [PROJECT SPECIFIC]%

16.7 As set out in **Schedule 5 (Mobilisation)**, the Authority may enforce a pause in the mobilisation of Prisoners in respect of a New Prison at any time during the Mobilisation Period. In the event that:

16.7.1 the pause is due to a breach or other default in respect of this Contract by the Contractor, or an issue otherwise within the control of the Contractor as highlighted in the Stability Threat Assessment Meetings in accordance with **paragraph 13.1 of Schedule 5 (Mobilisation)**, the Contractor shall continue to receive the OSP and the Monthly Mobilisation Payment in respect of Ramp-Up for the corresponding number of Prisoners at the time of the mobilisation pause until the point that the Authority opts to end the pause and continue the mobilisation of the Prison; or

16.7.2 the pause is not due to a breach or other default in respect of this Contract by the Contractor or not due to an issue otherwise within the control of the Contractor as highlighted in the Stability Threat Assessment Meetings in accordance with **paragraph 13.1 of Schedule 5 (Mobilisation)**, the Authority:

16.7.2.1 shall pay the Contractor the OSP and the Monthly Mobilisation Payment in respect of Ramp-Up for the corresponding number of Prisoners at the time of the mobilisation pause;

16.7.2.2 shall also pay the Contractor any reasonable and unavoidable additional costs incurred or committed to by the Contractor, as evidenced by the Contractor to the satisfaction of the Authority, in a payment profile to be agreed at the time of the pause. The Authority shall, at the Authority's discretion, review the revised payment profile during the period of the pause; and

16.7.2.3 shall, at the point that the Authority opts to end the pause and continue the mobilisation of the Prison, agree with the Contractor and the Authority a new Ramp-Up Timetable and schedule in

respect of the Monthly Mobilisation Payment in respect of Ramp-Up. The purpose and quantum of any costs in addition to the Monthly Mobilisation Payment in respect of Ramp-up will need to be evidenced by the Contractor to the Authority's satisfaction.

17. Notification of Immediate Reduction in Requirement for Available Prisoner Places (IRRAPPs)

17.1 Immediate RRAPP Bands

17.1.1 The Authority shall be entitled to reduce its requirement for Available Prisoner Places at each Prison in accordance with the provisions of this **paragraph 17 (Notification of Immediate Reduction in Requirement for Available Prisoner Places (IRRAPPs))**.

17.1.2 The numbers of Available Prisoner Places required for each Prison shall be divided into bands in the form set out in the table below (each "Immediate RRAPP Band"):

IRRAPP Band	Number of Available Prisoner Places in IRRAPP Band	Cumulative IRRAPP Limit
1	v	v
2	w	v + w
3	x	v + w + x
4	y	v + w + x + y
5	z	v + w + x + y + z
etc.		

17.1.3 The Authority may reduce the number of Available Prisoner Places required for a Prison by Activating one or more Immediate RRAPP Bands in accordance with **paragraph 17.3 (Immediate RRAPP Band Activation)** and from the date on which the Immediate RRAPP Band(s) becomes Active make Immediate RRAPP Deductions from the Daily Payment in respect of the Available Prisoner Places in the Activated Immediate RRAPP Band calculated in accordance with **paragraph 2.19 (Calculation of Daily Total Immediate RRAPP Deduction)**.

17.1.4 Where the Authority has reduced the number of Available Prisoner Places in accordance with **paragraph 17.2 (Immediate RRAPP Band Activation)**, it may subsequently require the Contractor to provide that number of Available Prisoner

Places by Deactivating one or more Immediate RRAPP Bands in accordance with **paragraph 17.3 (Immediate RRAPP Band Deactivation)**, and from the date on which any such Immediate RRAPP Bands become Deactivated the Immediate RRAPP Deductions made in respect of the Available Prisoner Places in such Immediate RRAPP Bands shall cease to be made.

- 17.1.5 The applicable Immediate RRAPP Band details for each Prison are set out in **paragraph 17.5.2 (IRRAPP Band Table)**. In the event that the Authority wishes to Activate an Immediate RRAPP Band where there is already one or more Active RRAPP Band(s), the first Immediate RRAPP Band to be Activated will be the next available non-Active RRAPP Band (for example if RRAPP Bands 1-5 are already Active, the first Immediate RRAPP Band to be Activated will be Immediate RRAPP Band 6).

17.2 Immediate RRAPP Band Activation

- 17.2.1 The Authority may Activate one or more Immediate RRAPP Bands by issuing to the Contractor a notice (the "Immediate RRAPP Band Activation Notice") in accordance with this **paragraph 17.2 (Immediate RRAPP Band Activation)**.
- 17.2.2 Where one or more Immediate RRAPP Bands are Activated, the number of Available Prisoner Places required by the Authority shall be reduced by the number of Available Prisoner Places specified for such Immediate RRAPP Bands in the relevant Immediate RRAPP Band table.
- 17.2.3 The Immediate RRAPP Band Mobilisation Period shall be a minimum of seven (7) Days for each Immediate RRAPP Band.
- 17.2.4 Where two or more Immediate RRAPP Bands are Activated in a single Immediate RRAPP Band Activation Notice, such period shall run concurrently.
- 17.2.5 The Immediate RRAPP Band Activation Notice shall specify:
- 17.2.5.1 any Immediate RRAPP Bands which the Authority wishes to Activate; and
- 17.2.5.2 the date on which such Immediate RRAPP Bands become Active.
- 17.2.6 During the Immediate RRAPP Band Mobilisation Period, and in any event within three (3) Days of the Immediate RRAPP Band Activation Notice the Contractor can submit written representations to justify their opposition to the Immediate RRAPP Band Activation Notice for the Authority to consider. However, the Authority reserves the right to proceed with Activation after seven (7) Days

regardless of any Contractor representations.

- 17.2.7 The Authority may only Activate Immediate RRAPP Bands in ascending numerical order, commencing with Immediate RRAPP Band 1.
- 17.2.8 The Minimum Immediate RRAPP Band Period for each Immediate RRAPP Band shall be three (3) months. At the end of the three (3) month period, the Authority, at its full discretion, may do as follows:
 - 17.2.8.1 deactivate the Immediate RRAPP Band in accordance with **paragraph 17.3 (Immediate RRAPP Band Deactivation)**;
 - 17.2.8.2 extend the Immediate RRAPP Band Activation period for a period to be determined by the Authority; or
 - 17.2.8.3 convert the Immediate RRAPP Band into a RRAPP Band in accordance with **paragraph 17.4 (Immediate RRAPP Band Conversion)**.

17.3 Immediate RRAPP Band Deactivation

- 17.3.1 If the Authority no longer requires one or more Immediate RRAPP Band(s) to be Active, it shall give the Contractor written notice of the date on which the Immediate RRAPP Band(s) will cease to be Active (an "Immediate RRAPP Band Deactivation Notice"), provided that:
 - 17.3.1.1 such date is no earlier than the expiry of the relevant Immediate RRAPP Band Demobilisation Period; and
 - 17.3.1.2 such date will not result in the Immediate RRAPP Band(s) being Active for less than the Minimum Immediate RRAPP Band Period.
- 17.3.2 The Immediate RRAPP Band Demobilisation Period for each Immediate RRAPP Band shall be seven (7) Days for each Immediate RRAPP Band.
- 17.3.3 The Authority may only Deactivate Immediate RRAPP Bands in descending numerical order, commencing with the Active Immediate RRAPP Band that has the highest number.
- 17.3.4 The Contractor shall provide the Authority with the number of Available Prisoner Places in a Deactivated Immediate RRAPP Band from the date specified in the relevant Immediate RRAPP Band Deactivation Notice.

17.4 Immediate RRAPP Band Conversion

17.4.1 The Authority may, at any time, choose to convert one or more Immediate RRAPP Bands into a RRAPP Band by issuing to the Contractor a notice (the "Immediate RRAPP Band Conversion Notice") in accordance with **paragraph 17.4 (Immediate RRAPP Band Conversion)** (an "Immediate RRAPP Band Conversion").

17.4.2 The minimum period of notice for the conversion of each Immediate RRAPP Band shall be:

17.4.2.1 one (1) Month for the first five (5) Immediate RRAPP bands; and

17.4.2.2 three (3) Months for each Immediate RRAPP band thereafter.

17.4.3 The Immediate RRAPP Band Conversion Notice shall specify:

17.4.3.1 any Immediate RRAPP Bands which the Authority wishes to convert to RRAPP Bands; and

17.4.3.2 the date on which such Immediate RRAPP Bands become Active, in accordance with **paragraph 17.4.2**.

17.4.4 The Authority shall pay any RRAPP Band Mobilisation Costs in relation to an Immediate RRAPP Band Conversion in accordance with **paragraph 2.8 (RRAPP Band Mobilisation Costs)**.

17.4.5 Following an Immediate RRAPP Band Conversion, the provisions of paragraph 7 (Notification of Reduction in Requirement for Available Prisoner Places (RRAPPs)) shall apply.

17.5 Daily Total Immediate RRAPP Deductions

17.5.1 The table below sets out the costs which are included in the Immediate RRAPP Deduction:

Contract Year 1 Total Costs for Immediate RRAPP Deductions	Immediate RRAPP Band Deduction Costs (IRRAPPBDC) (£)
Food	PROJECT SPECIFIC
Postage	PROJECT SPECIFIC

Prisoner Earnings / Wages	PROJECT SPECIFIC
PROJECT SPECIFIC	PROJECT SPECIFIC
PROJECT SPECIFIC	PROJECT SPECIFIC
PROJECT SPECIFIC	PROJECT SPECIFIC
PROJECT SPECIFIC	PROJECT SPECIFIC
Immediate RRAPP Deduction Costs – sub-total	PROJECT SPECIFIC
Project Profit Margin	PROJECT SPECIFIC
Immediate RRAPP Deduction Costs – total	PROJECT SPECIFIC

17.5.2 The table below sets out the Immediate RRAPP Band Deduction Costs for each Immediate RRAPP Band.

17.5.3 Immediate RRAPP Band Table

IRRAPP Band	Number of Available Prisoner Places in IRRAPP Band	Cumulative IRRAPP Limit	IRRAPP Band Deduction Costs (IRRAPPBDC) (£)	Daily Total IRRAPP Deduction (DTIRD) (£)
1	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]	[PROJECT SPECIFIC]

APPENDIX 1**EMBEDDED BASE CASE****[Bidder Note: To be inserted from Bid]**



APPENDIX 2

SCHEDULE OF WAGE RATES AT COMMENCEMENT DATE

[Bidder Note: To be inserted from Base Case]