

## SCHEDULE 11

### PAYMENT MECHANISM

#### 1. DEFINITIONS AND INTERPRETATION

- 1.1 Unless otherwise defined in this Schedule, capitalised terms used in this Schedule shall have the meanings given to them in Schedule 1.

**Actual Annual Binary Rate** means the ‘actual re-offending rate’ (or any official rate replacing it) for those Allocated Persons within the Applicable Annual Cohort, published by the Authority in the relevant ‘Proven re-offending statistics quarterly bulletin’ at <http://www.gov.uk/government/collections/proven-reoffending-statistics> (or such other webpage as may be notified to the Contractor by the Authority in writing from time to time) and calculated in accordance with the Actual Rate Methodology;

**Actual FFU** has the meaning given to it in paragraph 12.7(b);

**Actual NPS Services** has the meaning given to it in paragraph 12.7(a);

**Actual Quarterly Binary Rate** means the ‘actual re-offending rate’ (or any official rate replacing it) for those Allocated Persons within the Applicable Quarterly Cohort, published by the Authority in the relevant ‘Proven re-offending statistics quarterly bulletin’ at <http://www.gov.uk/government/collections/proven-reoffending-statistics> (or such other webpage as may be notified to the Contractor by the Authority in writing from time to time) and calculated in accordance with the Actual Rate Methodology;

**Actual Rate Methodology** means the document titled: ‘Detailed points on the methodology and data used to measure re-offending outcomes for the PbR element of the TR payment mechanism’ published by the Authority at <http://www.justice.gov.uk/transforming-rehabilitation/competition>, as updated from time to time;

**Actual Re-Offending Frequency** means the ‘actual re-offending frequency’ (or any official rate replacing it) for those Allocated Persons within the Applicable Annual Cohort, published by the Authority in the relevant ‘Proven re-offending statistics quarterly bulletin’ at <http://www.gov.uk/government/collections/proven-reoffending-statistics> (or such other webpage as may be notified to the Contractor by the Authority in writing from time to time) and calculated in accordance with the Actual Rate Methodology;

**Actual WAV** means the WAV calculated following the end of the Applicable Contract Year on the basis of the WAV Data that relates to that Applicable Contract Year;

**Actual WAV Band** has the meaning given to it in paragraph 2.10;

**Actual WAV Notification** has the meaning given to it in paragraph 2.9(b);

**Additional Employees** means those individuals who have become employees of the Contractor as a result of the arrangements envisaged by this Agreement but who are not listed in the People Data Template;

**Annual Binary Amount** means the amount calculated in accordance with paragraph 8.4;

**Annual Assessment Period End Date** means, for the Applicable Annual Cohort, the last day of the month that is the twelfth month after the last day of the period during which that Applicable Annual Cohort was established (by way of example only, if the Applicable Annual Cohort was established between 1 April 2015 and 31 March 2016, the Annual Assessment Period End Date would be 31 March 2017);

**Annual Binary Calculation Date** means, for the Applicable Annual Cohort, the last day of the month that is the eighteenth month after the last day of the period during which that Applicable Annual Cohort was established (by way of example only, if the Applicable Annual Cohort was established between 1 April 2015 and 31 March 2016, the Annual Binary Calculation Date would be 30 September 2017);

**Annual Binary Metric Table** means the table set out in Appendix 4 Part 2;

**Annual Reduction in Binary Re-Offending Rate** means the figure calculated in accordance with paragraphs 8.5 and 8.6;

**Annual Cohort** means the aggregate of the Quarterly Cohorts established during a Contract Year;

**Applicable Annual Cohort** has the meaning given to it in paragraph 8.1;

**Applicable Contract Year** has the meaning given to it in paragraph 2.1;

**Applicable Quarterly Cohort** has the meaning given to it in paragraph 7.1;

**Binary PbR Amount** means the amount calculated in accordance with paragraph 7.3;

**Binary PbR Top-up Amount** means the amount calculated in accordance with paragraph 8.3;

**Change in Re-Offending Frequency** means the figure calculated in accordance with paragraph 9.3;

**Cohort Start Date** means the first 1 April, 1 July, 1 October or 1 January date that is at least six months after the Amendment Date (by way of example only, if the Amendment Date is 9 November 2014, the Cohort Start Date is 1 July 2015).

**Corresponding Fee for Service** means the first Fee for Service to be invoiced by the Contractor after the date on which the Contractor receives the relevant PbR Notification;

**Contractor's Financial Response Documents** means (i) the documents with the following filenames:

- (a) D2,FRR,CPA09,BidCo-837,ML7,(CPA\_09\_10),FRT.New.V04 - updated pbr and profile.xls;
- (b) D2,FRR,CPA10,BidCo-837,MCV7,,FRT,NEW,V02.xls;
- (c) D2,FRR,CPA10,BidCo-837,MCV7,,BFM.New.V02.xls; and
- (d) D2,FRR,CPA10,BidCo-837,ML7,(CPA\_09\_10),FAR.New.V02.pdf

each completed by the Bidder and submitted to the Authority as part of its bid and as may have been updated and resubmitted to the Authority prior to the date of this Agreement and (ii) any responses submitted by the Bidder in connection with its bid and prior to the date of this Agreement, in response to clarificatory questions relating to staff raised by the Authority;

**Enter into a Cohort** means the date on which each Allocated Person becomes included in a cohort which: (a) for Allocated Persons who have been sentenced to a Community Order or Suspended Sentence Order, means the date on which that Allocated Person was sentenced; and (b) for Allocated Persons who have been sentenced to a custodial sentence, means the date on which that Allocated Person was released from custody (excluding any Release on Temporary Licence), in each case whether that date is on, after or before the date on which the Allocated Person was allocated to the Contractor under Schedule 10 and regardless of whether the Allocated Person was transferred into the Contractor's Contract Package Area following a reallocation by the Authority under Clause 3.1(c);

**Expected Authority Employees** means those individuals who are expected by the Authority to become employees of the Contractor as a result of the arrangements envisaged by this Agreement;

**Fee for Service** has the meaning given to it in paragraph 2.1;

**Fee for Service Table** means the table for the Applicable Contract Year in Appendix 3;

**Fee for Use** has the meaning given to it in paragraph 12.1;

**FFU Adjustment Amount** has the meaning given to it in paragraph 12.7;

**Fixed FFS** means the amount calculated in accordance with paragraph 2.8;

**Fixed FFS Adjustment Amount** has the meaning given to it in paragraph 2.11;

**Frequency PbR Amount** means the amount calculated in accordance with paragraph 9.2;

**GDP Deflator** means the relevant GDP deflator at market prices, and monies GDP published by the Office for National Statistics (or any official index replacing it);

**Interest Rate** means the statutory rate of interest from time to time under the Late Payment of Commercial Debts (Interest) Act 1998;

**Maximum Annual Binary Amount** has the meaning given to it in paragraph 2.3(b) of Appendix 5;

**Maximum Frequency Amount** has the meaning given to it in paragraph 2.3(c) of Appendix 5;

**Maximum Quarterly Binary Amount** has the meaning given to it in paragraph 2.3(a) of Appendix 5;

**NPS Priced Purchased Services** means those services included in the rate card set out in Appendix 7;

**NPS Rate Card** means the rate card set out in Appendix 7;

**PbR Notification** has the meaning given to it in paragraph 7.11;

**Pension Contribution Adjustment Amount** has the meaning given to it in Schedule 22;

**People Data Template** means the document in the Data Room (as defined in the Sale and Purchase Agreement) titled "People Data Template" at Data Room reference F08.40.10 - Derbyshire, Nottinghamshire & Leicestershire people data template V3(1)- OFFICIAL.xls, being a list, as at 1 June 2014, that includes those individuals who are expected by the Authority to become employees of the Contractor as a result of the arrangements envisaged by this Agreement;

**Per Offence Amount** means, subject to paragraph 15, £1,000;

**Per Offender Amount** means, subject to paragraph 15, £4,000;

**Predicted WAV** means, subject to paragraph 2.7, in respect of a Contract Year, the WAV calculated on the basis of the WAV Data for the 12 month period ending on the last day of the third Quarter of the previous Contract Year;

**Predicted WAV Notification** has the meaning given to it in paragraph 2.6(b);

**Previous Binary PbR Amount** means the total aggregate of the Binary PbR Amounts paid or payable for any previous Quarterly Cohorts that comprise the same Annual Cohort as the Applicable Quarterly Cohort;

**Predicted WAV Band** has the meaning given to it in paragraph 2.8;

**Projected FFU** has the meaning given to it in paragraph 12.4(a);

**Projected JAC Staff Amount** has the meaning given to it in paragraph 2.19(a);

**Quarter** means:

- (a) the period of three months commencing on the Cohort Start Date; and
- (b) each subsequent three month period except for the final Quarter which shall end on the last day of the Exit Period;

**Quarterly Assessment Period End Date** means, for the Applicable Quarterly Cohort, the last day of the month that is the twelfth month after the last day of the period during which that Applicable Quarterly Cohort was established (by way of example only, if the Applicable Quarterly Cohort was established between 1 April 2015 and 30 June 2015, the Quarterly Assessment Period End Date would be 30 June 2016);

**Quarterly Binary Calculation Date** means for the Applicable Quarterly Cohort, the last day of the month that is the eighteenth month after the last day of the period during which that Applicable Quarterly Cohort was established (by way of example only, if the Applicable Quarterly Cohort was established between 1 April 2015 and 30 June 2015, the Quarterly Binary Calculation Date would be 31 December 2016);

**Quarterly Binary Band** has the meaning given to it in paragraph 7.1;

**Quarterly Binary Metric Table** means the table set out in Appendix 4, Part 1;

**Quarterly Reduction in Binary Re-Offending Rate** means the figure calculated in accordance with paragraphs 7.4 and 7.5;

**Quarterly Cohort** means each group of Allocated Persons whose Enter into a Cohort date falls during the same Quarter;

**Redundant Persons** has the meaning given to it in paragraph 6.9;

**Senior Attendance Centre Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7): OSR1; OSR2 and D3, each to Allocated Persons who are subject only to an Attendance Centre Order;

**Staff Costs** means the gross salary and any other gross remuneration or other payments processed through payroll such as bonus and compensation, overtime costs, employee expenses, the costs of providing employee benefits (whether contractual or discretionary) and any other staff related costs including any costs associated in the recruitment of employees and any applicable statutory or contractual redundancy or severance payments but excluding any amounts paid or to be paid to any Redundant Persons;

**Subsequent Invoice** has the meaning given to it in paragraph 2.14(a);

**Transferred Employees** means all those Expected Authority Employees listed in the People Data Template who have become employees of the Contractor as a result of the arrangements envisaged by this Agreement;

**WAV** means the weighted annual volume calculated in accordance with Appendix 1; and

**WAV Data** means the data available on the following Authority ICT systems (to which the Contractor will have access): Prison NOMIS and nDelius relating to persons referred to in the definition of Unit set out in Appendix 1 and that are used to calculate the WAV.

1.2 For the purposes of this Schedule 11, the definition of Allocated Persons for the purposes of determining Quarterly Cohorts and Annual Cohorts excludes:

- (a) those persons who have been sentenced to a Community Order that consists only of (i) an Unpaid Work Requirement or (ii) an Unpaid Work Requirement and any one or more of the following: (x) an electronically monitored Curfew Requirement; (y) an electronically monitored Exclusion Requirement; and (z) an Electronic Monitoring Requirement;
- (b) those persons who have been sentenced to a Suspended Sentence Order where the only requirement is (i) an Unpaid Work Requirement; or (ii) an Unpaid Work Requirement and any one or more of the following: (x) an electronically monitored Curfew Requirement; (y) an electronically monitored Exclusion Requirement; and (z) an Electronic Monitoring Requirement; and
- (c) those persons who
  - (i) have been given an Enforcement Order; and
  - (ii) are aged 18 or over and have been given an Attendance Centre Order.

1.3 For the purposes of this Schedule 11:

- (a) for Allocated Persons who have been sentenced to a Community Order or a Suspended Sentence Order, the Actual Annual Binary Rate, the Actual Quarterly Binary Rate and the Actual Re-Offending Frequency each measure re-offending from the date on which that Allocated Person's sentence was imposed; and
- (b) for Allocated Persons who have been sentenced to a custodial sentence, the Actual Annual Binary Rate, the Actual Quarterly Binary Rate and the Actual Re-Offending Frequency each measure re-offending from the date on which that Allocated Person was released from custody (excluding any time in which they are released on Release on Temporary Licence)

in each case, whether this is on, after or before the date on which that Allocated Person was allocated to the Contractor under this Agreement.

- 1.4 Subject to paragraph 1.5, an Allocated Person who transfers out of the Contractor's Contract Package Area (including an Allocated Person who moves out of England and Wales or who becomes a Retained Person) shall continue to be included in the Quarterly Cohort (and, accordingly, the Annual Cohort) in which they were originally included. For the avoidance of doubt, Allocated Persons who transfer into the Contractor's Contract Package Area from another Community Rehabilitation Company or from outside of England and Wales shall not form part of any of the Contractor's Quarterly Cohorts or Annual Cohorts.
- 1.5 An Allocated Person who transfers into the Contractor's Contract Package Area as a result of being reallocated by the Authority under Clause 3.1(c) shall, notwithstanding paragraph 1.4, be included in a Quarterly Cohort (and accordingly, Annual Cohort) of the Contractor. Accordingly, an Allocated Person who transfers out of the Contractor's Contract Package Area as a result of being reallocated by the Authority under Clause 3.1(c) shall, notwithstanding paragraph 1.4, not continue to be included in the Quarterly Cohort (and, accordingly, Annual Cohort) in which they were originally included.

## **2. FEE FOR SERVICE**

### **Monthly Fee**

- 2.1 The Authority shall pay to the Contractor for a Contract Year (**Applicable Contract Year**) monthly amounts calculated in accordance with paragraph 2.3 (**Fee for Service**).
- 2.2 The Contractor shall issue invoices to the Authority, monthly in arrears, for the Fee for Service in accordance with paragraph 16.
- 2.3 The Fee for Service shall be calculated by dividing the Fixed FFS for the Applicable Contract Year into 12 equal monthly instalments. The Fixed FFS for the Applicable Contract Year shall be calculated in accordance with paragraph 2.8.
- 2.4 Notwithstanding paragraph 2.3, in the event that the first month of the First Contract Year is less than one full calendar month, the Fee for Service for that first month shall be pro-rated as follows:

$$(A / B) * C$$

Where:

A = the Fee for Service for that first month (calculated as if it were a full calendar month);

B = the number of days in that first month (both before and after the Amendment Date); and

C = the number of days between the Amendment Date and the last day of the first month of the First Contract Year (inclusive).

- 2.5 Notwithstanding paragraph 2.3, in the event that the last month of the Final Contract Year is less than one full calendar month, the Fee for Service for that last month shall be pro-rated as follows:

$$(D / E) * F$$

Where:

D = the Fee for Service for that last month (calculated as if it were a full calendar month);

E = the number of days in that last month (both before and after the Termination Date); and

F = the number of days between the first day of the last month of the Final Contract Year and the Termination Date (inclusive).

**Predicted WAV Calculation**

2.6 For the Applicable Contract Year, other than the First Contract Year and Contract Year 2, during the three month period prior to the commencement of that Applicable Contract Year, the Authority shall:

- (a) calculate the Predicted WAV for the Applicable Contract Year; and
- (b) notify the Contractor in writing of:
  - (i) the Predicted WAV for the Applicable Contract Year; and
  - (ii) details of the calculation of that Predicted WAV

**(Predicted WAV Notification).**

2.7 For the First Contract Year, the Predicted WAV shall, subject to paragraph 4.1, be 23,365 and for Contract Year 2, the Predicted WAV shall be 25,032.

**Fixed FFS Calculation**

2.8 Subject to paragraph 15, the **Fixed FFS** for the Applicable Contract Year shall be the amount that is set out in the relevant band of the “Fixed FFS” column of the relevant Fee for Service Table. The relevant band for that Applicable Contract Year shall be the band which represents the volume range into which the Predicted WAV falls for that Applicable Contract Year (**Predicted WAV Band**).

*By way of example only:*

*If in Contract Year 2, the Predicted WAV is 23,000, the Fixed FFS is [REDACTED] i.e. the amount shown in band 5 of the “Fixed FFS” column of the Fee for Service Table for Contract Year 2.*

*If in Contract Year 2, the Predicted WAV is 25,000, the Fixed FFS is [REDACTED] i.e. the amount shown in band 6 of the “Fixed FFS” column of the Fee for Service Table for Contract Year 2.*

**Actual WAV Calculation**

2.9 Within four months after the end of the Applicable Contract Year, the Authority shall:

- (a) calculate the Actual WAV for that Applicable Contract Year; and
- (b) notify the Contractor in writing of:
  - (i) the Actual WAV for that Applicable Contract Year; and
  - (ii) details of the calculation of that Actual WAV

**(Actual WAV Notification).**

**Fixed FFS Adjustment Calculation**

2.10 If, for the Applicable Contract Year, the band in the relevant Fee for Service Table which represents the volume range into which the Actual WAV falls (**Actual WAV Band**) is different from the Predicted

WAV Band, the Authority shall make an adjustment to the Fixed FFS for that Applicable Contract Year in accordance with paragraph 2.11.

*By way of example only:*

*If the Predicted WAV for Contract Year 2 is 23,000 then, in accordance with the relevant Fee for Service Table, the Predicted WAV Band for that Applicable Contract Year is band 5.*

*If the Actual WAV for Contract Year 2 is 25,000 then, in accordance with the relevant Fee for Service Table, the Actual WAV Band for that Applicable Contract Year is band 6.*

*As the Predicted WAV Band and the Actual WAV Band are not the same, the Authority shall make an adjustment to the Fixed FFS for the Applicable Contract Year in accordance with paragraph 2.11.*

- 2.11 The **Fixed FFS Adjustment Amount** for each Applicable Contract Year shall, subject to paragraph 4, be calculated as follows:

$$D * E * F$$

Where:

D = subject to paragraph 3, the Fixed FFS for the Applicable Contract Year;

E = 0.1; and

F = the WAV Percentage Change calculated in accordance with paragraph 2.12.

- 2.12 The **WAV Percentage Change** for each Applicable Contract Year shall be calculated as follows:

$$(A - B) / B$$

Where:

A = the amount in the "Mid-Point Volume" column of the relevant Fee for Service Table for the Actual WAV Band; and

B = the amount in the "Mid-Point Volume" column of the relevant Fee for Service Table for the Predicted WAV Band.

- 2.13 The Authority shall specify in the Actual WAV Notification for the Applicable Contract Year details of the Fixed FFS Adjustment Amount (if any).

#### **Consequences of a Fixed FFS Adjustment Amount**

- 2.14 If the Fixed FFS Adjustment Amount is:

- (a) a positive figure, the Contractor shall include an amount equal to the Fixed FFS Adjustment Amount as a separate line item on the next invoice the Contractor issues following receipt of the Actual WAV Notification (the **Subsequent Invoice**); or
- (b) a negative figure, the Contractor shall apply a credit for an amount equal to the Fixed FFS Adjustment Amount (expressed as a positive figure) as a separate line item on the Contractor's Subsequent Invoice.



*By way of example only:*

*If the Fixed FFS Adjustment Amount is -£1,000, the Contractor shall apply a total of £1,000 as a credit to the Contractor's Subsequent Invoice, in accordance with paragraph 2.14(b).*

- 2.15 If the Termination Date occurs for any reason before the Fixed FFS Adjustment Amount has been included (either as an additional amount or as a credit) on an invoice that has been paid or become payable as at the Termination Date:
- (a) in the case of paragraph 2.14(a), the Contractor may issue an invoice (in accordance with paragraph 16) for an amount equal to the Fixed FFS Adjustment Amount; or
  - (b) in the case of paragraph 2.14(b), the Authority may issue an invoice (in accordance with paragraph 16) for an amount equal to the Fixed FFS Adjustment Amount.

#### **Attendance Centres**

- 2.16 The Authority shall pay to the Contractor for the Applicable Contract Year monthly amounts for the provision of services in relation to Attendance Centres as described in paragraph 2.17.
- 2.17 On each Fee for Service invoice issued under paragraph 2.2, the Contractor shall include, as a separate line item:
- (a) the amount payable for any Senior Attendance Centre Service Requirement performed by the Contractor during the month to which that invoice relates, calculated in accordance with the NPS Rate Card; and
  - (b) the Monthly Junior Attendance Centre Staff Amount for the Applicable Contract Year, calculated in accordance with paragraph 2.18.
- 2.18 The **Monthly Junior Attendance Centre Staff Amount** shall, other than for the First Contract Year (when paragraph 2.20 shall apply) be calculated by dividing the Projected JAC Staff Amount for the Applicable Contract Year into 12 monthly instalments. The Projected JAC Staff Amount for the Applicable Contract Year shall be the amount notified to the Contractor by the Authority in accordance with paragraph 2.19.

#### **Projected JAC Staff Amount Calculation**

- 2.19 Subject to paragraph 2.20, during the three month period prior to the commencement of each Applicable Contract Year (other than the First Contract Year), the Authority shall:
- (a) determine, at its discretion, its estimate of the total amount it will be required to pay to the Contractor in consideration for the Contractor fulfilling its obligations under Clause 3.18(b) (the **Projected JAC Staff Amount**); and
  - (b) include in the Predicted WAV Notification provided to the Contractor under paragraph 2.6(b) the Projected JAC Staff Amount for the Applicable Contract Year.
- 2.20 For the First Contract Year:
- (a) the Projected JAC Staff Amount shall be [REDACTED]; and

- (b) the Monthly Junior Attendance Centre Staff Amount shall be calculated by dividing that Projected JAC Staff Amount by the number of months in the First Contract Year.

**JAC Staff Amount Adjustment Calculation**

2.21 Within four months after the end of the Applicable Contract Year, the Authority shall calculate:

- (a) the total number of hours for which the Contractor has provided Contractor Personnel to the Authority in order to fulfil the Contractor's obligations under Clause 3.18(b) during the Applicable Contract Year (**Actual JAC Staff Hours**);
- (b) the price for the Actual JAC Staff Hours calculated in accordance with the hourly rate set out in the document titled "Product Description Attendance Centre Dataset" for the Contractor's Contract Package Area, as updated from time to time (**Actual JAC Staff Amount**); and
- (c) the **JAC Staff Adjustment Amount**, being the Actual JAC Staff Amount minus the Projected JAC Staff Amount.

2.22 The Authority shall include in the Actual WAV Notification provided to the Contractor under paragraph 2.9(b):

- (a) the Actual JAC Staff Amount for the Applicable Contract Year;
- (b) details of the calculation of that Actual JAC Staff Amount; and
- (c) the amount of the JAC Staff Adjustment Amount.

2.23 If the Actual JAC Staff Amount is:

- (a) more than the Projected JAC Staff Amount, the Contractor shall include an amount equal to the JAC Staff Adjustment Amount as a separate line item on the Contractor's Subsequent Invoice; or
- (b) less than the Projected JAC Staff Amount, the Contractor shall apply a credit for an amount equal to the JAC Staff Adjustment Amount (expressed as a positive figure) as a separate line item on the Contractor's Subsequent Invoice.

2.24 If the Termination Date occurs for any reason before the JAC Staff Adjustment Amount has been included (either as an additional amount or as a credit) on an invoice that has been paid or become payable on or before the Termination Date:

- (a) in the case of paragraph 2.23(a), the Contractor may issue an invoice (in accordance with paragraph 16) for the JAC Staff Adjustment Amount; or
- (b) in the case of paragraph 2.23(b), the Authority may issue an invoice (in accordance with paragraph 16) for the JAC Staff Adjustment Amount.

**Costs Savings – Service Delivery Proposal Changes**

2.25 On each Fee for Service invoice issued under paragraph 2.2, the Contractor shall include, as a separate line item, a credit equal to any amount agreed to be recovered by the Authority under Clause 5.3(b).

**3. MAXIMUM FEE FOR SERVICE**

3.1 Subject to paragraph 15, if the Actual WAV for an Applicable Contract Year is:

- (a) more than the amount in band 14 of the “Upper Volume Boundary” column of the relevant Fee for Service Table, for the purposes of calculating the Fixed FFS Adjustment Amount, the amount in band 14 of the “Fixed FFS” column of the relevant Fee for Service Table shall be used; and
- (b) more than the amount in band 14 of the “Upper Volume Boundary” column of the relevant Fee for Service Table or less than the amount in band 1 of the “Lower Volume Boundary” column of the relevant Fee for Service Table, in each case, the Authority and the Contractor shall (each acting reasonably and in good faith) negotiate amendments to the Charges in accordance with the Change Protocol for those Contract Years after that Applicable Contract Year (as agreed between the Parties) that reflect the fact that the Actual WAV is significantly higher, or lower, than was contemplated in this Agreement.

**4. FIRST CONTRACT YEAR AND FINAL CONTRACT YEAR**

4.1 Notwithstanding paragraph 2.7, if the First Contract Year or the Final Contract Year is not a period of 12 months, the provisions of paragraph 4.2 shall apply.

4.2 If paragraph 4.1 applies, the Authority shall:

- (a) when determining the Actual WAV Band under paragraph 2.10, apply the following formula to the Actual WAV for the First Contract Year or the Final Contract Year, as the case may be:

$$(A/B) * 365$$

Where:

A = the Actual WAV for the First Contract Year or the Final Contract Year, as the case may be; and

B = the number of days in the First Contract Year or the Final Contract Year, as the case may be.

and the resulting figure shall be used to determine the Actual WAV Band for the First Contract Year or the Final Contract Year, as the case may be; and

- (b) adjust the Fixed FFS Adjustment Amount as follows:

$$(C/365) * D$$

Where:

C = the Fixed FFS Adjustment Amount (calculated using the Actual WAV Band as determined under paragraph 4.2(a)); and

D = the number of days in the First Contract Year or the Final Contract Year, as the case may be.

## **5. PENSION CONTRIBUTION ADJUSTMENT**

### **Notification of Pension Contribution Adjustment Amount**

- 5.1 Within four months after the end of each Applicable Contract Year, the Authority shall:
- (a) calculate the amount of the Pension Contribution Adjustment Amount in accordance with paragraph 2.4 of Schedule 22; and
  - (b) include in the Actual WAV Notification provided to the Contractor under paragraph 2.9:
    - (i) the Pension Contribution Adjustment Amount; and
    - (ii) details of the calculation of that Pension Contribution Adjustment Amount.

### **Consequences of the Pension Contribution Adjustment Amount**

- 5.2 Subject to paragraph 2.6 of Schedule 22, if the Pension Contribution Adjustment Amount is:
- (a) a positive figure, the Contractor shall include an amount equal to the Pension Contribution Adjustment Amount as a separate line item on the Contractor's Subsequent Invoice; or
  - (b) a negative figure, the Contractor shall apply a credit for an amount equal to the Pension Contribution Adjustment Amount (expressed as a positive figure) as a separate line item on the Contractor's Subsequent Invoice.
- 5.3 Subject to paragraph 2.6 of Schedule 22, if the Termination Date occurs for any reason before the Pension Contribution Adjustment Amount has been included (either as an additional amount or as a credit) on an invoice that has been paid or becomes payable on or before the Termination Date:
- (a) in the case of paragraph 5.2(a), the Contractor may issue an invoice (in accordance with paragraph 16) for an amount equal to the Pension Contribution Adjustment Amount; or
  - (b) in the case of paragraph 5.2(b), the Authority may issue an invoice (in accordance with paragraph 16) for an amount equal to the Pension Contribution Adjustment Amount.

## **6. AUTHORITY ADJUSTMENTS TO FEE FOR SERVICE**

### **Volume Changes**

- 6.1 If, for any period of three consecutive months in the Applicable Contract Year (**Calculation Period**), the annualised Actual WAV based on the WAV Data for that Calculation Period falls within a band that is two or more bands:
- (a) above the Predicted WAV Band, paragraph 6.2 shall apply; or
  - (b) below the Predicted WAV Band, paragraph 6.3 shall apply,
- (the **Adjusted WAV Band**).

The annualised Actual WAV for the purposes of this paragraph 6.1 shall be calculated by multiplying the WAV for the Calculation Period by four.

**OFFICIAL SENSITIVE**

**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837  
FINAL**

- 6.2 If paragraph 6.1(a) applies, the Authority may, in its discretion and by written notice to the Contractor, increase the Fee for Service for the remaining months of that Applicable Contract Year, so that the Fee for Service for those remaining months is the amount that the Authority would have paid had the Predicted WAV for the Applicable Contract Year fallen into the Adjusted WAV Band.
- 6.3 If paragraph 6.1(b) applies, the Authority may, in its discretion and by written notice to the Contractor, decrease the Fee for Service for the remaining months of that Applicable Contract Year so that the Fee for Service for those remaining months is the amount that the Authority would have paid had the Predicted WAV for the Applicable Contract Year fallen into the Adjusted WAV Band.

*By way of example only:*

*If:*

- (a) *the Predicted WAV Band is band 5;*
- (b) *during the Calculation Period, the annualised Actual WAV would fall within band 7 or any higher band then the Authority may, at its discretion, increase the Fee for Service in accordance with paragraph 6.1(a) for the remaining months of that Applicable Contract Year;*  
*or*
- (c) *during the Calculation Period, the annualised Actual WAV would fall within band 3 or any lower band then the Authority may, at its discretion, decrease the Fee for Service in accordance with paragraph 6.1(b) for the remaining months of that Applicable Contract Year.*
- 6.4 If the Authority intends to exercise its discretion under paragraphs 6.2 or 6.3, it shall notify the Contractor in writing in advance (**Volume Change Notice**). The Contractor may make representations to the Authority and request that these be taken into account by the Authority when exercising its discretion under those paragraphs. The Authority shall include in each Volume Change Notice a date by which the Contractor's representations must be received by the Authority. The Authority shall reasonably consider any representations made by the Contractor under this paragraph 6.4 on or before that date in good faith and shall provide its reasons to the Contractor for its decision.
- 6.5 Without prejudice to paragraph 6.4, if at any time, the Contractor reasonably believes that paragraph 6.1(a) or 6.1(b) applies, the Contractor may make representations to the Authority in writing and request that the Authority exercises its discretion under paragraph 6.2 or 6.3, as the case may be. The Authority shall reasonably consider any representations made by the Contractor under this paragraph 6.5 in good faith and shall provide its reasons to the Contractor for its decision.

**Rent and Licence Fees**

- 6.6 In accordance with Clause 31 of this Agreement, the Authority may deduct from each Fee for Service the amount invoiced to the Contractor under the Lease and Licence Agreement in the month to which that Fee for Service relates.

**ICT Charges**

- 6.7 In accordance with Clause 31 of this Agreement, the Authority may deduct from each Fee for Service the amount invoiced to the Contractor pursuant to Annex 3 of Schedule 19 (ICT) in the month to which that Fee for Service relates.

**Accredited Programme Charges**

- 6.8 In accordance with Clause 31 of this Agreement, the Authority may deduct from each Fee for Service the amount invoiced to the Contractor for the Contractor's use of the Accredited Programmes and Authority IPRs in accordance with Clause 3.8 of this Agreement in the month to which that Fee for Service relates.

**Redundancy Reconciliation**

- 6.9 Promptly following the Amendment Date and, in any event, prior to the end of the second month following the Amendment Date, the Authority shall notify the Contractor in writing of the number and grade of people (a) made redundant by the Authority in the Contractor's Contract Package Area and whose effective date of termination is between 1 June 2014 and the Amendment Date (both dates inclusive); and (b) who have, prior to the Amendment Date, been given notice that they are to be made redundant but their effective date of termination will not be until after the Amendment Date and accordingly the amount of their redundancy payment is included in the calculation of the Statement of Financial Position (as defined in the Sale and Purchase Agreement) (together, the **Redundant Persons**). The **Redundancy Adjustment Amount** shall be the sum of:

- (a) the amounts paid or to be paid to the Redundant Persons in each case calculated in accordance with the Voluntary Redundancy Terms as defined in Clause 30 (and as set out in Part 2 of Schedule 25);
- (b) the amount of: (i) any payment made to an administering authority of the Local Government Pension Scheme pursuant to regulation 68(2) of the Local Government Pension Scheme Regulations 2013 resulting from retirement benefits becoming immediately payable to a member under regulation 30(7) of those Regulations in respect of Redundant Persons, including any costs arising as a result of a waiver of any reduction under regulation 30(8) of those Regulations; and (ii) any payment made to any section of the Principal Civil Service Pension Scheme or the Civil Service Compensation Scheme that is payable as a result of the redundancy of the Redundant Persons; and
- (c) the amounts of Fully Loaded Payroll Costs that would otherwise have been paid to each of those Redundant Persons during:
  - (i) the maximum redundancy consultation period that the Contractor would have been required to observe in respect of the Redundant Person in accordance with its contractual obligations, any applicable collective agreement and/or applicable law, and;
  - (ii) the longer of the Redundant Person's contractual notice period or statutory notice period.

In this paragraph 6.9, **Fully Loaded Payroll Costs** means gross salary and any other gross remuneration or other payments processed through payroll such as bonus and compensation, overtime costs, employee expenses, the costs of providing employee benefits (whether contractual or discretionary) and any other staff related costs but excluding any applicable statutory or contractual redundancy or severance payments that are included under paragraph (a).

- 6.10 The Fee for Service for the Adjustment Month shall be reduced by an amount equal to the Redundancy Adjustment Amount. In this paragraph 6.10, **Adjustment Month** means the month immediately after the month during which the Authority notifies the Contractor of the Redundancy Adjustment Amount under paragraph 6.9.

- 6.11 If the Termination Date occurs for any reason before the full amount of the Redundancy Adjustment Amount has been applied as a credit to invoices that have been paid or become payable on or before the Termination Date, the Authority may issue an invoice (in accordance with paragraph 16) for the remaining amount of the Redundancy Adjustment Amount.

**Staff Changes Adjustment**

- 6.12 The parties acknowledge that the figures in the Fixed FFS column in each of the tables in Appendix 3 are, with respect to staff costs, each calculated on the basis of:

- (a) the information set out in the People Data Template in respect of Expected Authority Employees; and
- (b) the staff related information set out in the relevant sections of the Contractor's Financial Response Documents

(with (a) and (b) together being the **Expected Staff Information**).

- 6.13 At any time within the first two months after the Amendment Date, either the Contractor or the Authority can:

- (a) prepare an updated version of the information set out in the People Data Template identifying, as at the Amendment Date:
  - (i) which Expected Authority Employees from the People Data Template have become Transferred Employees;
  - (ii) which Expected Authority Employees from the People Data Template have not become Transferred Employees; and
  - (iii) any Additional Employees,

(this updated version, the **Updated People Data Template**); and

- (b) require by written notice to the other that the parties meet (at a time to be mutually agreed by the parties acting reasonably) to discuss and agree a Staff Adjustment Amount (as defined in paragraph 6.14(b) below).

- 6.14 If a notice is given in accordance with paragraph 6.13:

- (a) the party giving that notice shall include a copy of the Updated People Data Template; and
- (b) the parties shall (each acting reasonably) meet to discuss and agree:
  - (i) an amount which reflects the impact of the change in Staff Costs between the position set out in the Expected Staff Information and the position set out in the Updated People Data Template which, if paid by one party to the other achieves, so far as is reasonably practicable, a position in which, in respect of the First Contract Year, neither the Authority nor the Contractor is in a better or worse position as a result of that payment than that party would have been had the information in the Updated People Data Template been the same as the information in the Expected Staff Information (the **Staff Adjustment Amount**); and

- (ii) a change to the figures in Band 6 of the Fixed FFS column of each table in Appendix 3 other than for the First Contract Year (and, accordingly, a corresponding change to the figures in each of the other Bands in the Fixed FFS column of those tables) which achieves, so far as is reasonable practicable, a position in which, in respect of each Contract Year (other than the First Contract Year), neither the Authority nor the Contractor is in a better or worse position as a result of the changes to the figures in the Fixed FFS columns than either party would have been had the information in the Updated People Data Template been the same as the information in the Expected Staff Information (the **Fixed FFS Staff Adjustments**).

For the avoidance of doubt, no Staff Adjustment Amount or Fixed FFS Staff Adjustments will be made in respect of any individuals who are not engaged pursuant to a contract of employment.

- 6.15 If the parties cannot agree the Staff Adjustment Amount or the Fixed FFS Staff Adjustments (or any element of the Fixed FFS Staff Adjustments) within one month after the date on which the notice provided under paragraph 6.13 is received, the matter shall be dealt with in accordance with paragraph 18.
- 6.16 For the avoidance of doubt, the parties agree that Redundant Persons will not be taken into account as part of the determination of the Staff Adjustment Amount or the Fixed FFS Staff Adjustments.

#### **Application of the Staff Adjustment Amount**

- 6.17 Once the Staff Adjustment Amount is agreed between the parties or determined by the Adjudicator (as the case may be), the Contractor shall:
  - (a) if the final Staff Adjustment Amount is a positive figure, include an amount equal to that agreed or determined final Staff Adjustment Amount divided by the number of whole calendar months remaining in the then current Contract Year (**Monthly Staff Adjustment Amount**) (expressed as a positive figure); or
  - (b) if the final Staff Adjustment Amount is a negative figure, apply a credit for an amount equal to the Monthly Staff Adjustment Amount;

in each case, as a separate line item on each Fee for Service invoice issued during the remainder of that Applicable Contract Year.
- 6.18 If the Termination Date occurs for any reason before the full amount of the final Staff Adjustment Amount has been included (either as an additional amount or as a credit) on invoices that have been paid or become payable on or before the Termination Date:
  - (a) in the case of paragraph 6.17(a), the Contractor may issue an invoice (in accordance with paragraph 16) for the amount of the remaining Staff Adjustment Amount; or
  - (b) in the case of paragraph 6.17(b), the Authority may issue an invoice (in accordance with paragraph 16) for the amount of the remaining Staff Adjustment Amount.

#### **Application of the Fixed FFS Staff Adjustments**

- 6.19 Once the Fixed FFS Staff Adjustments are agreed between the parties or determined by the Adjudicator (as the case may be), the parties shall, notwithstanding the definition of Change, agree an amendment to this Agreement in accordance with Clause 42.8 to reflect the Fixed FFS Staff Adjustments.



## 7. PAYMENT BY RESULTS – BINARY

### Quarterly Binary Calculation

- 7.1 Within five months after the Quarterly Binary Calculation Date for a Quarterly Cohort (**Applicable Quarterly Cohort**), the Authority shall, for that Applicable Quarterly Cohort use the Actual Quarterly Binary Rate to determine the consequence for the Contractor in accordance with the relevant band of the Quarterly Binary Metric Table for the Contract Year in which the Applicable Quarterly Cohort was established. The relevant band for that Applicable Quarterly Cohort shall be the band which represents the percentage range into which the Actual Quarterly Binary Rate falls (**Quarterly Binary Band**).

### Consequences of Quarterly Binary Calculation

- 7.2 If the Actual Quarterly Binary Rate for the Applicable Quarterly Cohort:
- (a) is less than the percentage that is in the “Lower Boundary” column of Band 1 of the Quarterly Binary Metric Table for the Contract Year in which the Applicable Quarterly Cohort was established (**Quarterly Boundary Percentage**), the Actual Quarterly Binary Rate shall be deemed to be that Quarterly Boundary Percentage and paragraph 7.2(b) shall apply;

*By way of example only:*

*If the percentage that is in the “Lower Boundary” column of Band 1 is 50% and the Actual Quarterly Binary Rate is 47% (or lower), the Actual Quarterly Binary Rate shall be deemed to be 50% and paragraph 7.2(b) shall apply.*

- (b) falls into **Band 1**: the Authority shall pay to the Contractor, subject to paragraph 7.9, an amount equal to the Binary PbR Amount in accordance with paragraph 7.6;
- (c) falls into **Band 2**:
  - (i) the Contractor shall not be entitled to charge and the Authority shall have no obligation to pay a Binary PbR Amount; and
  - (ii) there shall be no adjustment to the Corresponding Fee for Service; or
- (d) falls into **Band 3**: the Corresponding Fee for Service shall be reduced by an amount equal to the Binary PbR Amount in accordance with paragraph 7.7.

### Calculation of the Binary PbR Amount

- 7.3 The **Binary PbR Amount** for each Applicable Quarterly Cohort shall, subject to paragraph 7.9 be an amount in pounds sterling calculated as follows:

$$A * B * C$$

Where:

A = the Quarterly Reduction in Binary Re-Offending Rate for the Applicable Quarterly Cohort, calculated in accordance with paragraphs 7.4 and 7.5;

B = the Per Offender Amount; and

C = the number of Allocated Persons who Enter into a Cohort during the Quarter in which the Applicable Quarterly Cohort was established.

**Quarterly Reduction in Binary Re-Offending Rate**

- 7.4 The **Quarterly Reduction in Binary Re-Offending Rate** shall be calculated as follows:

D – E

Where:

D = 47.62%; and

E = the Actual Quarterly Binary Rate.

- 7.5 The Quarterly Reduction in Binary Re-Offending Rate shall be expressed as a decimal.

*Accordingly, by way of example only, if, in the calculation above:*

*D = 50% and E = 48%, the Quarterly Reduction in Binary Re-Offending Rate shall be 0.02.*

**Quarterly Reduction in Binary Re-Offending Rate Example**

*By way of example only:*

*If 100 Allocated Persons Enter into a Cohort during the Quarter in which the Applicable Quarterly Cohort was established and the Actual Quarterly Binary Rate for the Applicable Quarterly Cohort is 48%, the Quarterly Reduction in Binary Re-offending Rate is 0.02 (i.e. 50% - 48%).*

*The Binary PbR Amount would be:*

*$0.02 * £4,000 * 100 = £8,000$ .*

**Application of the Binary PbR Amount**

- 7.6 If paragraph 7.2(b) applies, the Contractor shall, subject to paragraph 7.9, add an amount equal to the Binary PbR Amount to the invoice for the Corresponding Fee for Service, as a separate line item.

- 7.7 If paragraph 7.2(d) applies, the Contractor shall apply an amount equal to the Binary PbR Amount (expressed as a positive figure) as a credit to the Contractor's invoice for the Corresponding Fee for Service.

*By way of example only:*

*If the Corresponding Fee for Service is £10,000 and the Binary PbR Amount is -£1,000 then the Contractor shall apply a credit of £1,000 to the Contractor's invoice for the Corresponding Fee for Service.*

- 7.8 If the Termination Date occurs for any reason and, accordingly, for any Binary PbR Amount there is no Corresponding Fee for Service:

- (a) where paragraph 7.2(b) applies, the Contractor may issue a separate invoice (in accordance with paragraph 16) for an amount equal to the Binary PbR Amount; or

- (b) where paragraph 7.2(d) applies, the Authority may issue an invoice (in accordance with paragraph 16) for an amount equal to the Binary PbR Amount.

#### **Limitations on the Binary PbR Amount**

- 7.9 Notwithstanding any other provision of this Agreement, the Contractor shall not be entitled to charge, and the Authority shall have no obligation to pay, the Binary PbR Amount if that Binary PbR Amount would be more than the Maximum Quarterly Binary Amount for the Contract Year in which the Applicable Quarterly Cohort was established. In these circumstances paragraph 7.10 will apply.
- 7.10 If paragraph 7.9 applies, the amount of the Binary PbR Amount for the Applicable Quarterly Cohort shall be reduced to an amount equal to the Maximum Quarterly Binary Amount for the Contract Year in which the Applicable Quarterly Cohort was established.

#### **Notification of the PbR Amount**

- 7.11 Within five months after the end of each Quarterly Binary Calculation Date, the Authority shall notify the Contractor in writing of the Quarterly Binary Band that applies to that Applicable Quarterly Cohort and:
  - (a) the amount (if any) of the Binary PbR Amount that is to be paid by the Authority; or
  - (b) the amount (if any) of the credit that the Contractor shall apply to the Contractor's invoice for the Corresponding Fee for Service,

**(PbR Notification).**

### **8. ANNUAL BINARY RECONCILIATION**

#### **Annual Binary Calculation**

- 8.1 Within five months after each Annual Binary Calculation Date, the Authority shall, for each Annual Cohort (**Applicable Annual Cohort**) use the Actual Annual Binary Rate to determine whether the Authority shall pay a Binary PbR Top-up Amount to the Contractor, in accordance with the relevant band of the Annual Binary Metric Table for the Contract Year in which the Applicable Annual Cohort was established. The relevant band for that Applicable Annual Cohort shall be the band which represents the percentage range into which the Actual Annual Binary Rate falls (**Actual Annual Band**).

#### **Consequences of the Annual Binary Calculation**

- 8.2 If the Actual Annual Binary Rate for the Applicable Annual Cohort:
  - (a) is less than the percentage that is in the "Lower Boundary" column of Band 1 of the Annual Binary Metric Table for the Contract Year in which the Annual Quarterly Cohort was established (**Annual Boundary Percentage**), the Actual Annual Binary Rate shall be deemed to be that Annual Boundary Percentage and paragraph 8.2(b) shall apply;

*By way of example only:*

*If the percentage that is in the "Lower Boundary" column of Band 1 is 50% and the Actual Annual Binary Rate is 47% (or lower), the Actual Annual Binary Rate shall be deemed to be 50% and paragraph 8.2(b) shall apply.*

- (b) falls into **Band 1:** the Authority shall pay to the Contractor; subject to paragraph 8.10, an amount equal to the Binary PbR Top-up Amount in accordance with paragraph 8.7;
- (c) falls into **Band 2:** the Contractor shall not be entitled to charge and the Authority shall have no obligation to pay a Binary PbR Top-up Amount;
- (d) falls into **Band 3:**
  - (i) the Contractor shall not be entitled to charge and the Authority shall have no obligation to pay a Binary PbR Top-up Amount; and
  - (ii) Paragraph 8.8 shall apply; or
- (e) falls into **Band 4:**
  - (i) the Contractor shall not be entitled to charge and the Authority shall have no obligation to pay a Binary PbR Top-up Amount; and
  - (ii) Paragraph 8.9 shall apply.

#### **Calculation of the Binary PbR Top-up Amount**

- 8.3 The **Binary PbR Top-up Amount** for each Applicable Annual Cohort shall, subject to paragraph 8.10, be an amount in pounds sterling calculated as follows:

$A - B$

Where:

A = the Annual Binary Amount calculated in accordance with paragraph 8.4; and

B = the total aggregate of the Binary PbR Amounts for each of the Quarterly Cohorts that comprise the Applicable Annual Cohort.

#### **Annual Binary Amount**

- 8.4 The **Annual Binary Amount** for each Applicable Annual Cohort shall be an amount in pounds sterling calculated as follows:

$C * D * E$

Where:

C = the Annual Reduction in Binary Re-Offending Rate for each Applicable Annual Cohort calculated in accordance with paragraphs 8.5 and 8.6;

D = the Per Offender Amount; and

E = the number of Allocated Persons who Enter into a Cohort during the Contract Year in which the Applicable Annual Cohort was established.

**Annual Reduction in Binary Re-Offending Rate**

- 8.5 The **Annual Reduction in Binary Re-Offending Rate** for the Applicable Quarterly Cohort shall be calculated as follows:

$F - G$

Where:

$F = 47.62\%$ ; and

$G$  = the Actual Annual Binary Rate.

- 8.6 The Annual Reduction in Binary Re-Offending Rate shall be expressed as a decimal.

*Accordingly, by way of example only, if, in the calculation above:*

*$F = 50\%$  and  $G = 48\%$ , the Annual Reduction in Binary Re-Offending Rate shall be 0.02.*

**Annual Reduction in Binary Re-Offending Rate Example**

*By way of example only:*

*If:*

*(a) the PbR Amounts for each of the Quarterly Cohorts that comprise the Applicable Annual Cohort are: (i) £0, (ii) £0, (iii) £10,000, and (iv) £20,000 (giving a total of £30,000); and*

*(b) the Annual Binary Amount is £40,000,*

*the Binary PbR Top-up Amount is £10,000 (i.e. £40,000 - £30,000).*

**Application of the Binary PbR Top-up Amount**

- 8.7 If paragraph 8.2(b) applies, the Contractor shall, subject to paragraph 8.10, include an amount equal to the Binary PbR Top-up Amount as a separate line item on the invoice on which the Binary PbR Amount for the final Quarterly Cohort in the Applicable Annual Cohort (if any) would also be invoiced in accordance with paragraph 7.6 or 7.8(a) (as appropriate).

**Termination on Increase in Re-Offending**

- 8.8 Without prejudice to the Authority's other rights and remedies under this Agreement, subject to paragraph 8.13, if for any two consecutive Contract Years, the Actual Annual Band is Band 3, the Authority shall be entitled to terminate this Agreement by notice in writing to the Contractor pursuant to Clause 33.5.
- 8.9 Without prejudice to the Authority's other rights and remedies under this Agreement, subject to paragraph 8.13, if in any Contract Year, the Actual Annual Band, is Band 4 the Authority shall be entitled to terminate this Agreement by notice in writing to the Contractor pursuant to Clause 33.5.

**Limitations on the Binary PbR Top-up Amount**

- 8.10 Notwithstanding any other provision of this Agreement, the Contractor shall not be entitled to charge, and the Authority shall have no obligation to pay, the full Binary PbR Top-up Amount if that Binary

PbR Top-up Amount, when added to the Previous Binary PbR Amount would be more than the Maximum Annual Binary Amount for the Applicable Contract Year. In these circumstances paragraph 8.11 will apply.

- 8.11 If paragraph 8.10 applies, the amount of the Binary PbR Top-up Amount for the Applicable Annual Cohort shall be reduced to an amount equal to the difference between the Previous Binary PbR Amount and the Maximum Annual Binary Amount for the Applicable Annual Cohort.

**Notification of the Binary PbR Top-up Amount**

- 8.12 The Authority shall specify in the PbR Notification for the final Quarterly Cohort in the Applicable Annual Cohort details of the Binary PbR Top-up Amount (if any) for the Applicable Annual Cohort.

**First Annual Cohort**

- 8.13 If the first Annual Cohort is not comprised of four Quarterly Cohorts then:
- (a) the Contractor shall not be entitled to charge and the Authority shall have no obligation to pay a Binary PbR Top-up Amount in the First Contract Year; and
  - (b) that first Annual Cohort shall be disregarded for the purpose of paragraphs 8.8 and 8.9.

**9. PAYMENT BY RESULTS – FREQUENCY**

- 9.1 Subject to paragraph 9.10, within five months after each Annual Binary Calculation Date, the Authority shall, for the Applicable Annual Cohort, calculate the Frequency PbR Amount in accordance with paragraph 9.2 (if any) that it will pay to the Contractor.

**Calculation of the Frequency PbR Amount**

- 9.2 Subject to paragraph 9.6, the **Frequency PbR Amount** for each Applicable Annual Cohort shall be calculated as follows:

$$A * B * C * D$$

Where:

A = the number of Allocated Persons who Enter into a Cohort during the Contract Year in which the Applicable Annual Cohort is established;

$$B = 47.62\%$$

C = the Change in Re-Offending Frequency for that Applicable Annual Cohort calculated in accordance with paragraphs 9.3; and

D = the Per Offence Amount.

**Change in Re-Offending Frequency**

- 9.3 The Change in Re-Offending Frequency shall be calculated as follows:

$$E - F$$

Where:

E = 3.96; and

F = the Actual Re-Offending Frequency.

*By way of example only, to calculate a Frequency PbR Amount:*

*If:*

- (a) *there are 4,000 Allocated Persons who Enter into a Cohort during the Contract Year in which the Applicable Annual Cohort was established; and*
- (b) *the Change in Re-Offending Frequency is 0. 2;*

*the Frequency PbR Amount for the Applicable Annual Cohort shall, subject to paragraph 9.6, be:*

$$4,000 * 0.4762 * 0. 2 * £1,000 = £380,960$$

#### **Consequences of the Frequency PbR Amount**

9.4 If the Frequency PbR Amount is:

- (a) a positive figure, the Contractor shall, subject to paragraph 9.6, include an amount equal to the Frequency PbR Amount as a separate line item on the invoice on which the Binary PbR Amount (if any) for the final Quarterly Cohort in the Applicable Annual Cohort would also be invoiced in accordance with paragraph 7.6; or
- (b) a negative figure, the Contractor shall include a credit for an amount equal to the Frequency PbR Amount (expressed as a positive figure) as a separate line item on the Contractor's invoice for the Corresponding Fee for Service.

9.5 If the Termination Date occurs for any reason and, accordingly, for any Frequency PbR Amount, there is no Corresponding Fee for Service:

- (a) in the case of paragraph 9.4(a), the Contractor may issue an invoice (in accordance with paragraph 16) for an amount equal to the Frequency PbR Amount; or
- (b) in the case of paragraph 9.4(b), the Authority may issue an invoice (in accordance with paragraph 16) for an amount equal to the Frequency PbR Amount.

#### **Limitations on the Frequency PbR Amount**

9.6 Notwithstanding any other provision of this Agreement the Contractor shall not be entitled to charge, and the Authority shall have no obligation to pay:

##### *Binary Hurdle*

- (a) any Frequency PbR Amount for an Applicable Annual Cohort if the Annual Reduction in Binary Re-Offending Rate for that Applicable Annual Cohort is 0 (zero) or a negative number; and

*Maximum Frequency Payment*

- (b) the full Frequency PbR Amount for any Applicable Annual Cohort which is more than the Maximum Frequency Amount for that Applicable Annual Cohort. In these circumstances paragraph 9.7 will apply.

- 9.7 If paragraph 9.6(b) applies, the amount of the Frequency PbR Amount for the Applicable Annual Cohort shall be reduced to an amount equal to the Maximum Frequency Amount.

**Notification of the Frequency PbR Amount**

- 9.8 The Authority shall specify in the PbR Notification for the final Quarterly Cohort in the Applicable Annual Cohort, details of the Frequency PbR Amount (if any) for the Applicable Annual Cohort.

**Frequency PbR Amount – Termination**

- 9.9 Without prejudice to the Authority's other rights and remedies under this Agreement, the Authority shall be entitled to terminate this Agreement by notice in writing to the Contractor pursuant to Clause 33.5 if any Change in Re-Offending Frequency is -0.16 or any higher negative number (ie the Actual Re-Offending Frequency is at least 0.16 higher than the baseline in paragraph 9.3) provided that this shall not apply in respect of the first Annual Cohort if that first Annual Cohort does not consist of four Quarterly Cohorts.

**First Annual Cohort**

- 9.10 If the first Annual Cohort is only comprised of one Quarterly Cohort then:
- (a) subject to paragraph 9.10(b) the Contractor shall not be entitled to charge and the Authority shall have no obligation to pay a Frequency PbR Amount for that first Annual Cohort; and
  - (b) the Actual Re-Offending Frequency that is published by the Authority for the next Annual Cohort shall aggregate that Quarterly Cohort together with the four Quarterly Cohorts for that next Contract Year.
- 9.11 If the first Annual Cohort is comprised of only two or three Quarterly Cohorts then the Actual Re-Offending Frequency for that Annual Cohort shall relate only to those two or three Quarterly Cohorts.

**10. MATERIAL RE-OFFENDING CHANGE – CHANGE IN POLICY OR LAW**

- 10.1 If, with respect to a Contract Year, a Change in Law (on its own or in combination with another Change in Law) and/or a change in any or all of the policies of the Authority, an Authority Related Party or a Relevant Authority (each a **Re-Offending Rate – Change in Policy or Law**) occurs, which, in the reasonable opinion of the Authority, has resulted or is likely to result (by itself, regardless of any other factor) in an increase or decrease in:
- (a) the Actual Annual Binary Rate which is equal to or more than 3 percentage points above or below 47.62%; and/or
  - (b) the Actual Quarterly Binary Rate which is equal to or more than 3 percentage points above or below 47.62%

the Authority may, at its discretion, amend: (i) the basis on which the PbR Amount or PbR Top-up Amount is calculated; and (ii) the percentage figures set out in each of the tables in Appendix 4, in each



case to reflect the impact of that Re-Offending Rate – Change in Policy or Law. If the Authority intends to exercise its discretion under this paragraph 10, it will notify the Contractor in writing in advance (**Re-Offending Rate Change Notice**). The Contractor may make representations to the Authority in writing and request that these be taken into account by the Authority when exercising its discretion under this paragraph 10. The Authority will include in each Re-Offending Rate Change Notice a date by which the Contractor's representations must be received by the Authority. The Authority shall reasonably consider any representations made by the Contractor under this paragraph 10 on or before that date in good faith and shall provide its reasons to the Contractor for its decision.

- 10.2 Without prejudice to paragraph 10.1, if at any time, the Contractor reasonably believes that paragraph 10.1(a) or 10.1(b) applies, the Contractor may make representations to the Authority in writing and request that the Authority exercises its discretion under paragraph 10.1(a) or 10.1(b), as the case may be. The Authority shall reasonably consider any representations made by the Contractor under this paragraph 6.5 in good faith and shall provide its reasons to the Contractor for its decision.

*By way of example only:*

*If the baseline annual re-offending rate is 48.25% and, in the opinion of the Authority, the Re-Offending Rate – Change in Policy or Law has or is likely to increase the Actual Annual Binary Rate to 51.25% or above or to decrease the Actual Annual Binary Rate to 45.25% or below then this paragraph 10 shall apply.*

## 11. PBR ALLOCATION FOLLOWING CONTRACT EXPIRY

- 11.1 Notwithstanding any other provision of this Schedule, if a Quarterly Assessment Period End Date or an Annual Assessment Period End Date falls after the last day of the Exit Period (each an **Expired Date**) then the Binary PbR Amount, the Binary PbR Top-up Amount or the Frequency PbR Amount (as relevant) that is to be paid following an Expired Date shall be calculated in accordance with paragraph 11.2.

### Quarterly Binary

- 11.2 If paragraph 11.1 applies:
- (a) in the case of an Expired Date which is a Quarterly Assessment Period End Date, if the Quarterly Cohort to which that Expired Date relates:
    - (i) was formed during a three month period each day of which occurred on or prior to the last day of the Exit Period, the Binary PbR Amount shall be calculated in accordance with paragraph 11.3; or
    - (ii) was formed during a period which is less than three calendar months, the Binary PbR Amount shall be calculated in accordance with paragraph 11.4; and

### Annual Binary or Annual Frequency

- (b) in the case of an Expired Date which is an Annual Assessment Period End Date, if the Annual Cohort to which that Expired Date relates:
  - (i) was formed during a 12 month period each day of which occurred on or prior to the last day of the Exit Period, the Binary Top-up Amount or the Frequency PbR Amount (as the case may be) shall be calculated in accordance with paragraph 11.5; or

- (ii) was formed during a period which is less than 12 calendar months, paragraph 11.6 shall apply.

**Quarterly Cohort formed before last day of Exit Period**

- 11.3 If paragraph 11.2(a)(i) applies, the Authority shall, when determining the Binary PbR Amount, apply the following formula:

$$(A/456) * B$$

Where:

A = the number of days between the first day of the period during which the relevant Quarterly Cohort was established and the last day of the Exit Period (both dates inclusive); and

B = the Binary PbR Amount.

**Quarterly Cohort formed in less than 3 month period**

- 11.4 If paragraph 11.2(a)(ii) applies, the Authority shall, when determining the Binary PbR Amount, apply the following formula:

$$(D/E) * F$$

Where:

D = the number of days between the first day of the period during which the relevant Quarterly Cohort was established and the last day of the Exit Period (both dates inclusive);

E = D plus 365; and

F = the Binary PbR Amount.

**Annual Cohort formed before the last day of the Exit Period**

- 11.5 If paragraph 11.2(b)(i) applies, the Authority shall, when determining the Binary PbR Top-up Amount or the Frequency Amount (as the case may be) apply the following formula:

$$(G/730) * H$$

Where:

G = the number of days between the first day of the period during which the relevant Annual Cohort was established and the last day of the Exit Period (both dates inclusive); and

H = the Binary PbR Top-up Amount or the Frequency Amount (as the case may be).

**Annual Cohort formed in less than 12 month period**

- 11.6 If paragraph 11.2(b)(ii) applies, the Authority shall, when determining the Binary PbR Top-up Amount or the Frequency Amount (as the case may be) apply the following formula:

$$(J/K) * L$$

Where:

J = the number of days between the first day of the period during which the relevant Annual Cohort was established and the last day of the Exit Period (both dates inclusive);

K = J plus 365; and

L = the Binary PbR Top-up Amount or the Frequency Amount (as the case may be).

## **12. FEE FOR USE**

### **Monthly Fee**

- 12.1 The Authority shall pay to the Contractor for the Applicable Contract Year monthly amounts calculated in accordance with paragraph 12.3 (**Fee for Use**).
- 12.2 The Contractor shall issue invoices to the Authority, monthly in arrears, for the Fee for Use in accordance with paragraph 16 (and these shall be separate invoices to those issued under paragraph 2.2).
- 12.3 The Fee for Use shall, other than for the First Contract Year (when paragraph 12.5 shall apply), be calculated by dividing the Projected FFU for the Applicable Contract Year into 12 equal monthly instalments. The Projected FFU for the Applicable Contract Year shall be the amount notified to the Contractor by the Authority in accordance with paragraph 12.4.

### **Projected FFU Calculation**

- 12.4 Subject to paragraph 12.5, during the three month period prior to the commencement of each Applicable Contract Year (other than the First Contract Year), the Authority shall:
- (a) determine, at its discretion, its estimate of the total amount it will spend on services for Designated Retained Persons, purchased from the Contractor in that Applicable Contract Year (the **Projected FFU**); and
  - (b) include in the Predicted WAV Notification provided to the Contractor under paragraph 2.6(b) the Projected FFU for the Applicable Contract Year.
- 12.5 For the First Contract Year:
- (a) the Projected FFU shall be [REDACTED]; and
  - (b) the Fee for Use shall be calculated by dividing that Projected FFU by the number of months in the First Contract Year.

- 12.6 The Contractor shall include an amount equal to the Fee for Use on each invoice issued to the Authority under paragraph 2.2.

### **FFU Adjustment Calculation**

- 12.7 Within four months after the end of the Applicable Contract Year, the Authority shall calculate:
- (a) the actual volume of the NPS Priced Purchased Services and any Elective Services that have been requested by the Authority in writing and performed by the Contractor during the Applicable Contract Year (**Actual NPS Services**);

- (b) the price for the Actual NPS Services calculated in accordance with the NPS Rate Card (the **Actual FFU**); and
  - (c) the **FFU Adjustment Amount**, being the Actual FFU minus the Projected FFU.
- 12.8 The Authority shall include in the Actual WAV Notification provided to the Contractor under paragraph 2.9(b):
  - (a) the Actual FFU for the Applicable Contract Year;
  - (b) details of the calculation of that Actual FFU; and
  - (c) the amount of the FFU Adjustment Amount.
- 12.9 If the Actual FFU is:
  - (a) more than the Projected FFU, the Contractor shall include an amount equal to the FFU Adjustment Amount as a separate line item on the Contractor's Subsequent Invoice; or
  - (b) less than the Projected FFU, the Contractor shall apply a credit for an amount equal to the FFU Adjustment Amount (expressed as a positive figure) as a separate line item on the Contractor's Subsequent Invoice.
- 12.10 If the Termination Date occurs for any reason before the FFU Adjustment Amount has been included (either as an additional amount or as a credit) on an invoice that has been paid or becomes payable on or before the Termination Date:
  - (a) in the case of paragraph 12.9(a), the Contractor may issue an invoice (in accordance with paragraph 16) for the FFU Adjustment Amount; or
  - (b) in the case of paragraph 12.9(b), the Authority may issue an invoice (in accordance with paragraph 16) for the FFU Adjustment Amount.
- 12.11 Paragraph 2.8 of Appendix 1 shall apply to the calculation of the Actual NPS Services (and so the Actual FFU) under this paragraph 12.
- 12.12 For NPS Priced Purchased Services included in Part 1 of the NPS Rate Card, the Contractor shall provide those services to the Authority (or the relevant Commission Body) at the rate for that service set out in Part 1 of the NPS Rate Card.
- 12.13 For NPS Priced Purchased Services included in Part 2 of the NPS Rate Card, the Contractor shall provide those services to the Authority (or the relevant Commissioning Body) at the rate for that service set out in Part 2 of the NPS Rate Card unless the Contractor can demonstrate to the satisfaction of the Authority (acting reasonably) that the cost to the Contractor of providing those services to Designated Retained Persons is greater than the cost to the Contractor of providing that service to Allocated Persons.
- 12.14 Other than for those NPS Priced Purchased Services included in Part 1 or Part 2 of the NPS Rate Card, payment for the services to be provided by the Contractor in respect of Designated Retained Persons has been incorporated as part of the determination of the relevant Weighting(s) for those services.

**13. RATE CARD**

The CRC Rate Card for the purposes of Clause 3.12 of this Agreement is as set out in Appendix 6.

**14. SERVICE CREDITS**

The Contractor shall include as a separate line item on each invoice that it provides to the Authority under paragraph 2.2 the amount of any Service Credit that is to be paid by the Contractor under paragraph 2.3 and Part 4 of Schedule 9 (Performance Measures and Service Credits).

**15. INDEXATION**

The Authority shall adjust: (i) the Per Offender Amount, (ii) the Per Offence Amount, (iii) each of the amounts in the “Fixed FFS” column of the relevant Fee for Service Table, (iv) each of the amounts in the CRC Rate Card in Appendix 6; and (v) each of the amounts in the NPS Rate Card in Appendix 7; in each case, with effect from 1 April of each Contract Year (starting from 1 April 2015) by multiplying the relevant amount by the percentage change in the GDP Deflator published for the 12 months ended on 31 December prior to the start of the Applicable Contract Year.

**16. INVOICING**

- 16.1 Subject to paragraph 16.4, the Authority or the Contractor (as the case may be) shall (or, if paragraph 16.3 applies, the Authority shall ensure that the relevant Commissioning Body shall) pay all invoices within 20 Business Days after the date of receipt of the relevant invoice by the nominated department or contact, as notified by a party to the other party in writing from time to time.
- 16.2 The Contractor or the Authority (as the case may be) shall ensure that each invoice includes or is accompanied by supporting information setting out all details which are necessary for the Authority or the Contractor (as the case may be) to verify the accuracy of the invoice.
- 16.3 If required by the Authority, the Contractor shall apportion its invoices (or any credit to an invoice) among the Authority and/or any of the Commissioning Bodies, according to the proportions specified by the Authority. If an invoice is to be addressed to a Commissioning Body, references to the Authority in paragraphs 16.2, 16.4, 16.5 and 16.6 shall be read and construed as references to that Commissioning Body.
- 16.4 Subject to paragraph 16.8, if any part of the Charges is subject to a good faith Dispute between the Authority and the Contractor:
- (a) the disputing party (**Disputing Party**) shall notify the other party (**Issuing Party**), within 10 Business Days after the date of receipt by the Disputing Party of the relevant invoice, of any disputed amounts and shall, as soon as reasonably practicable after it has notified the Issuing Party, describe in reasonable detail the Disputing Party’s reasons for disputing each amount;
  - (b) the Issuing Party shall issue:
    - (i) a credit note for the original invoice; and
    - (ii) a new invoice for the undisputed amount;
  - (c) the Disputing Party shall pay the new invoice issued under paragraph 16.4(b)(ii) in accordance with 16.1; and

- (d) the Authority and the Contractor shall seek to reach settlement of the items that are the subject of the Dispute in accordance with paragraph 18 and the Dispute Resolution Procedure.

16.5 When any Dispute regarding the Charges is resolved:

- (a) the Issuing Party shall issue an invoice (which shall be payable in accordance with paragraph 16.1) for the amount which it is agreed or determined to be payable by the Disputing Party (whether that sum is the amount originally invoiced or a reduced amount) within 20 Business Days after the date of resolution of that Dispute; and
- (b) if the Disputing Party has disputed an amount payable under an invoice and it is subsequently agreed or determined that the amount originally invoiced was correct the Issuing Party shall be entitled to make a claim for interest on that amount accruing daily from (and including) the date of the original invoice, subject to paragraph 16.6 until (but excluding) the date of payment by the Disputing Party at the Interest Rate for the time being in force.

16.6 Under paragraph 16.5(b), interest shall accrue from (and including) the date of the original invoice provided that that invoice was issued in accordance with paragraph 16.2. Otherwise, interest shall accrue from (and including) the date of any revised invoice which is issued in accordance with paragraph 16.2.

16.7 Subject to paragraph 16.5(b), where one party is owed any undisputed amount under this Agreement and that amount remains unpaid for more than 20 Business Days after the due date, without limiting its other rights and remedies, that party may charge, and the other party shall pay, interest at the Interest Rate on that amount accruing daily from (and including) the due date to (but excluding) the date of actual payment.

16.8 The Contractor shall not dispute the amount of any Binary PbR Amount until it has been notified of the Binary PbR Top-up Amount for the Applicable Annual Cohort under paragraph 9.8.

## **17. DATA AND METHODOLOGY**

The Contractor agrees that the formulae, data and underlying methodology (including the Actual Rate Methodology) set out in this Schedule are the sole basis on which the Actual Annual Binary Rate, the Actual Quarterly Binary Rate and the Actual Re-Offending Frequency and the Charges are calculated and shall have no right to dispute those formulae, data or underlying methodology (including the Actual Rate Methodology).

## **18. DISPUTES**

18.1 Each Dispute arising out of or in connection with this Schedule shall first be escalated in accordance with Clause 41.1. If the Dispute is not resolved in accordance with Clause 41.1, it shall, notwithstanding Clause 41.2(a) of this Agreement, be referred to adjudication in accordance with Clause 41.2 of this Agreement and all experts appointed under Clause 41.2(b)(ii) or under Clause 41.2(b)(v) of this Agreement shall be members of the Institute of Chartered Accountants in England and Wales.

## APPENDIX 1

### WAV CALCULATION

#### 1. DEFINITIONS

- 1.1 Unless otherwise defined in this Appendix, capitalised terms shall have the meanings given to them in Schedule 1.

**Service Requirement** means each requirement set out in the “Service Requirement” column of the WAV Weighting Table, as each is further described in paragraph 2.10 of this Appendix;

**Unit:**

- (a) for the **Manage the Community Order or Suspended Sentence Order Service Requirement**: means the number of new Community Orders or Suspended Sentence Orders imposed: (i) on a date that falls during the Applicable Contract Year; and (ii) on Allocated Persons (for the purposes of this definition only, Allocated Persons excludes those persons who have been sentenced to a Community Order or Suspended Sentence Order that consists solely of: (i) an Unpaid Work Requirement; or (ii) an Unpaid Work Requirement and any one or more of the following: (x) an electronically monitored Curfew Requirement; (y) an electronically monitored Exclusion Requirement; and (z) an Electronic Monitoring Requirement);
- (b) for the **Manage the Custodial and Licence and Post Sentence Supervision Period – less than 12 months Service Requirement**: means the number of new releases from custody: (i) on a date that falls during the Applicable Contract Year; (ii) from a custodial sentence of less than 12 months on a Licence and a Post Sentence Supervision Period; and (iii) of Allocated Persons (for the purposes of this definition only, Allocated Persons excludes those persons (i) who were released following a recall to custody; and (ii) who were released following a committal to custody for a breach of the Post Sentence Supervision Period);
- (c) for the **Manage the Custodial and Licence and Post Sentence Supervision Period – equal to or more than 12 months Service Requirement**: means the number of new releases from custody: (i) on a date that falls during the Applicable Contract Year; (ii) from a custodial sentence of 12 months or more on a Licence and, where applicable, a Post Sentence Supervision Period; and (iii) of Allocated Persons (for the purposes of this definition only, Allocated Persons excludes those persons (i) who were released following a recall to custody and (ii) who were released following a committal to custody for a breach of the Post Sentence Supervision Period);
- (d) for the **Unpaid Work Service Requirement**: means the total number of hours for which an Unpaid Work Requirement has been ordered: (i) on a date that falls during the Applicable Contract Year; and (ii) for Allocated Persons provided that any hours worked concurrently shall not be counted twice;
- (e) for the **Accredited Programmes – Non Sex Offender Treatment Programme (Accredited Programme Non-SOTP) Service Requirement**: means the number of new Accredited Programme requirements or conditions imposed as part of a Community Order, Suspended Sentence Order, Licence and Post Sentence Supervision Period that, in each case, were imposed: (i) on a date that falls during the Applicable Contract Year; and (ii) for Allocated Persons;

- (f) for the **Drug Rehabilitation Requirement Service Requirement**: means the number of new Community Orders and Suspended Sentence Orders: (i) imposed on a date that falls during the Applicable Contract Year; and containing a Drug Rehabilitation Requirement; and (ii) for Allocated Persons;
- (g) for the **Alcohol Treatment Requirement Service Requirement**: means the number of Community Orders and Suspended Sentence Orders: (i) imposed on a date that falls during the Applicable Contract Year and containing an Alcohol Treatment Requirement; and (ii) for Allocated Persons;
- (h) for the **Mental Health Treatment Requirement Service Requirement**: means the number of new Community Orders and Suspended Sentence Orders: (i) imposed on a date that falls during the Applicable Contract Year and containing a Mental Health Treatment Requirement; and (ii) for Allocated Persons;
- (i) for the **TTG – Reception Services Service Requirement**: means the number of new arrivals: (i) on a date that falls during the Applicable Contract Year; (ii) of persons who are Resettlement Persons; and (iii) into custody at a Resettlement Prison designated to the Contractor excluding: (x) Resettlement Persons who have been transferred to that Resettlement Prison designated to the Contractor from another prison; and (y) Resettlement Persons returning to the Resettlement Prison from court or returning from Release on Temporary Licence;
- (j) for the **TTG – Persons on Remand Service Requirement**: means the number of new releases: (i) on a date that falls during the Applicable Contract Year; (ii) from custody at a Resettlement Prison designated to the Contractor; and (iii) of Persons on Remand excluding Persons on Remand who are transferred from that Resettlement Prison designated to the Contractor to another prison or going out from that Resettlement Prison to court or going on Release on Temporary Licence;
- (k) for the **TTG – Co-ordination of Joint Release Planning Service Requirement**: means the number of new releases from custody: (i) on a date that falls during the Applicable Contract Year; (ii) of Resettlement Persons; and (iii) at a Resettlement Prison designated to the Contractor excluding: (x) Persons on Remand; (y) Resettlement Persons who are transferred from that Resettlement Prison to another prison or going out from that Resettlement Prison to court or going on Release on Temporary Licence; and (z) the Contractor's own Allocated Persons;
- (l) for the **TTG – Resettlement – less than 12 months without a Licence or Post Sentence Supervision Period Service Requirement**: means the number of new releases from custody: (i) on a date that falls during the Applicable Contract Year; (ii) from a custodial sentence of less than 12 months without a Licence or Post Sentence Supervision Period; and (iii) of an Allocated Person (for the purposes of this definition only, Allocated Persons excludes those persons (x) who were released following a recall to custody; and (y) who were released following a committal to custody for a breach of the Post Sentence Supervision Period); and
- (m) for the **Reallocated Person Service Requirement**: means the number of new Community Orders or Suspended Sentence Orders imposed: (i) on a date that falls during the Applicable Contract Year; and (ii) on Allocated Persons who are reallocated by the Authority under Clause 3.1(c) and accordingly, are transferred out of the Contractor's Contract Package Area,

in each case which has been recorded as part of the WAV Data.



For the avoidance of doubt, in the case of (a), (b), (d), (f), (g), (h), and (m), the Actual WAV calculation will use the date of sentence and not the date of allocation to determine the Applicable Year into which a unit falls. By way of example, where a new Community Order or Suspended Sentence Order is imposed on 31 March 2016 and that case is allocated on 2 April 2016, that unit for “Manage the Community Order or Suspended Sentence Order Service Requirement” will be included in Contract Year 2, which spans 1 April 2015 to 31 March 2016, for the purposes of calculating the Actual WAV for that Year.

**WAV Weighting Table** means the table set out in Appendix 2; and

**Weighting** means, for each Service Requirement, the amount set out in the “Weighting” column of the WAV Weighting Table.

## **2. WAV CALCULATION**

### **WAV Calculation**

- 2.1 The Authority shall calculate the WAV in accordance with paragraph 2.2 of this Appendix.
- 2.2 Subject to any adjustments required to implement or take account of the principles in paragraphs 2.3 to 2.8 of this Appendix, the WAV shall be equal to the aggregate of the WAV for each Service Requirement, for the Applicable Contract Year. The WAV for a Service Requirement shall be:

$$A * B$$

Where:

A = the Weighting for the Service Requirement; and

B = the number of Units.

### **Unpaid Work Requirement**

- 2.3 Subject to paragraph 2.7, for the Unpaid Work Service Requirement the entire number of hours for which an Unpaid Work Requirement has been ordered for an Allocated Person will be included in the calculation of the WAV for the Applicable Contract Year in which that Allocated Person Enters into a Cohort.

### **Transfer of Cases – WAV Calculation**

- 2.4 Without prejudice to the generality of paragraph 2.8, other than for the Unpaid Work Service Requirement, if the Contractor cannot demonstrate to the satisfaction of the Authority (acting reasonably) that it has actually undertaken meaningful activities aimed at fulfilling the relevant Service Requirement in respect an Allocated Person who:
- (a) transfers out of the Contractor's Contract Package Area (for any reason including if the Allocated Person moves out of England and Wales or transfers to another Community Rehabilitation Company); or
  - (b) transfers in to the Contractor's Contract Package Area (for any reason including if the Allocated Person moves into England and Wales or transfers from another Community Rehabilitation Company);

(each a **Transferring Person**) that Allocated Person or the sentence imposed on that Allocated Person (as the case may be) shall not be included in the calculation of the number of Units for that Service Requirement for the purposes of calculating the Actual WAV for the Contract Year during which the Transferring Person transfers.

2.5 Subject to paragraph 2.7, if:

- (a) a Transferring Person transfers out of the Contractor's Contract Package Area and the Contractor has not provided the entire number of hours for which Unpaid Work has been ordered for that Transferring Person; or
- (b) a Transferring Person transfers into the Contractor's Contract Package Area and the Contractor is not required to provide the entire number of hours for which Unpaid Work has been ordered for that Transferring Person,

the number of hours of Unpaid Work that have not been provided or are not required to be provided (as the case may be) shall be deducted from the number of Units for the Unpaid Work Service Requirement for the purposes of calculating the Actual WAV for the Contract Year during which the Transferring Person transfers.

2.6 For the avoidance of doubt, any activities that the Contractor may have undertaken in relation to the provision of a Service Requirement (including the Unpaid Work Service Requirement) generally but which do not specifically relate to the relevant Allocated Person shall not be taken into consideration for the purpose of paragraph 2.4.

#### **Reallocated Persons – WAV Calculation**

2.7 Notwithstanding any other provision of this Schedule, if an Allocated Person is reallocated by the Authority under Clause 3.1(c) and accordingly, is transferred out of the Contractor's Contract Package Area, that Allocated Person shall be disregarded for the purposes of all Service Requirements other than the Reallocated Person Service Requirement, when calculating the Actual WAV for the Contract Year during which that Allocated Person is reallocated.

#### **WAV Calculation Principles**

2.8 The Contractor shall ensure that at all times during the Contract Period:

- (a) the Contractor acts honestly and in good faith in connection with this Schedule 11;
- (b) the Charges for the Services properly reflect reasonable value for money to the Authority for those Services; and
- (c) it acts within the spirit and intentions of this Schedule 11 and it shall:
  - (i) not be entitled to be paid for any Charges under this Agreement for the provision of any Service to the extent that it has already been paid or will be paid for that Service; and
  - (ii) not be entitled to be paid for any Charges that would otherwise be due under this Agreement for the provision of any Service where, other than as a result of a Force Majeure Event or a Relief Event, the Contractor cannot demonstrate to the satisfaction of the Authority (acting reasonably) that it has actually undertaken meaningful activities aimed at fulfilling the relevant Service Requirement in respect of an Allocated Person.

- 2.9 For the avoidance of doubt, any activities that the Contractor may have taken in relation to the provision of a Service Requirement generally but which do not specifically relate to an Allocated Person shall not be taken into account for the purposes of paragraph 2.8.

### Service Requirement Descriptions

- 2.10 The following describes each of the Service Requirements (by reference to the definition of Unit):

**Manage the Community Order Service Requirement** means the delivery of the following Service

Output	Groups	(as	set	out	in	Schedule	7):
OM1	OM11		OM25		RH1		V5
OM2	OM12		OM26		RH2		V6
OM3	OM18		OM27		OSR1		V7
OM5	OM19		OM29		OSR2		D1
OM6	OM20		OM31		OSR3		D2
OM7	OM21		OM33		V1		D3
OM8	OM22		OM34		V2		
OM9	OM23		OM36		V3		
OM10	OM24		OM37		V4		

**Manage the Suspended Sentence Order Service Requirement** means the delivery of the

following	Service	Output	Groups	(as	set	out	in	Schedule	7):
OM1		OM11		OM25		RH1			V5
OM2		OM12		OM26		RH2			V6
OM3		OM18		OM27		OSR1			V7
OM5		OM19		OM29		OSR2			D1
OM6		OM20		OM31		OSR3			D2
OM7		OM21		OM33		V1			D3
OM8		OM22		OM34		V2			
OM9		OM23		OM36		V3			
OM10		OM24		OM37		V4			

**Manage the Custodial and Licence and Post Sentence Supervision Period – less than 12 months**

**Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM1	OM13	OM28	R8	V2
OM2	OM14	OM29	R9	V3
OM4	OM16	OM30	RH1	V4
OM5	OM17	OM31	RH2	V5
OM6	OM18	OM32	TR1	V6
OM7	OM19	OM35	TR2	V7
OM8	OM21	OM36	DRR1	D1
OM9	OM22	OM37	DRR2	D2
OM10	OM24	R1	DRR3	
OM11	OM25	R3	OSR3	
OM12	OM26	R4	V1	

**Manage the Custodial and Licence and Post Sentence Supervision Period – equal to or more than 12 months Service Requirement** means the delivery of the following Service Outputs: (as set out in Schedule 7):

OM1	OM13	OM26	R4	V2
OM2	OM14	OM28	R8	V3
OM4	OM15	OM29	R9	V4
OM5	OM16	OM30	RH1	V5
OM6	OM17	OM31	RH2	V6
OM7	OM18	OM32	TR1	V7
OM8	OM19	OM35	TR2	D1
OM9	OM21	OM36	DRR1	D2
OM10	OM22	OM37	DRR2	
OM11	OM24	R1	DRR3	
OM12	OM25	R3	V1	

**Unpaid Work Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM1	OM27	OSR3	OSR8	D3
OM2	OM29	OSR5	OSR9	
OM22	OM31	OSR6	OSR10	
OM23	OM32	OSR7	OSR11	

**Accredited Programme – Non SOTP Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM1	OM6	OM22	OM29	OSR3
OM2	OM16	OM23	OM31	OSR4

**Drug Rehabilitation Requirement Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM22	TR1	TR3	DRR4
OM31	TR2	DRR1	DRR5

**Alcohol Treatment Requirement Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM22	TR1	TR3
OM31	TR2	AT1

**Mental Health Treatment Requirement Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM22	OM31	TR1	TR2	TR3
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**TTG – Reception Services Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM22	OM25	R1	R4
OM23	OM26	R3	

**TTG – Persons on Remand Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM22	OM26	R4	V3	V6
OM23	R1	V1	V4	V7
OM25	R3	V2	V5	

**TTG – Co-ordination of Joint Release Planning Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM12	OM23	OM26	R6
OM22	OM25	R5	

**TTG – Resettlement – less than 12 months without a Licence or Post Sentence Supervision Period Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM14	OM25	R3	V2	V5
OM22	OM26	R4	V3	V6
OM23	R1	V1	V4	V7

**Reallocated Person Service Requirement** means the delivery of the following Service Output Groups (as set out in Schedule 7):

OM3	OM8	OM12	OM25	RH1
OM5	OM9	OM18	OM26	D1
OM6	OM10	OM22	OM27	D2
OM7	OM11	OM23	OM29	

- 2.11 Certain Service Output Groups form part of more than one Service Requirement and the Weighting for each Service Requirement reflects all of the Service Output Groups for that Service Requirement.

**APPENDIX 2**  
**WAV WEIGHTING TABLE**

<b>No.</b>	<b>Service Requirement</b>	<b>Weighting</b>
1	Manage the Community Order Service Requirement	1.52
2	Manage the Suspended Sentence Order Service Requirement	1.52
3	Manage the Custodial and Licence and Post Sentence Supervision Period – less than 12 months Service Requirement	1.35
4	Manage the Custodial and Licence and Post Sentence Supervision Period – equal to or more than 12 months Service Requirement	3.15
5	Unpaid Work Service Requirement	0.007
6	Accredited Programme – Non SOTP Service Requirement	2.88
7	Drug Rehabilitation Requirement Service Requirement	0.99
8	Alcohol Treatment Requirement Service Requirement	0.99
9	Mental Health Treatment Requirement Service Requirement	0.99
10	TTG – Reception Services Service Requirement	0.08
11	TTG –Persons on Remand Service Requirement	0.05
12	TTG – Co-ordination of Joint Release Planning Service Requirement	0.05
13	TTG – Resettlement – less than 12 months without a Licence or Post Sentence Supervision Period Service Requirement	0.08
14	Reallocated Person Service Requirement	0.29

**APPENDIX 3**

**FEE FOR SERVICE TABLE**

Contract Year 1/First Contract Year

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid-Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	35,047	34,580	33,880	[REDACTED]
13	33,879	33,178	32,478	[REDACTED]
12	32,477	31,776	31,076	[REDACTED]
11	31,075	30,374	29,674	[REDACTED]
10	29,673	28,972	28,272	[REDACTED]
9	28,271	27,570	26,870	[REDACTED]
8	26,869	26,168	25,468	[REDACTED]
7	25,467	24,766	24,066	[REDACTED]
6	24,065	23,365	22,664	[REDACTED]
5	22,663	21,963	21,262	[REDACTED]
4	21,261	20,561	19,860	[REDACTED]
3	19,859	19,159	18,458	[REDACTED]
2	18,457	17,757	17,056	[REDACTED]
1	17,055	16,355	15,654	[REDACTED]
A	15,653	14,953	14,252	[REDACTED]
B	14,251	13,551	12,850	[REDACTED]
C	12,849	12,150	11,449	[REDACTED]
D	11,448	10,748	10,047	[REDACTED]
E	10,046	9,346	8,645	[REDACTED]
F	8,644	7,944	7,243	[REDACTED]
G	7,242	6,542	5,841	[REDACTED]
H	5,840	5,140	4,439	[REDACTED]
I	4,438	3,738	3,037	[REDACTED]
J	3,036	2,336	1,636	[REDACTED]
K	1,635	935	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 2

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	37,548	37,047	36,298	[REDACTED]
13	36,297	35,546	34,796	[REDACTED]
12	34,795	34,044	33,294	[REDACTED]
11	33,293	32,542	31,792	[REDACTED]
10	31,791	31,040	30,290	[REDACTED]
9	30,289	29,538	28,788	[REDACTED]
8	28,787	28,036	27,286	[REDACTED]
7	27,285	26,534	25,784	[REDACTED]
6	25,783	25,032	24,281	[REDACTED]
5	24,280	23,530	22,779	[REDACTED]
4	22,778	22,028	21,277	[REDACTED]
3	21,276	20,526	19,775	[REDACTED]
2	19,774	19,024	18,273	[REDACTED]
1	18,272	17,522	16,771	[REDACTED]
A	16,770	16,021	15,270	[REDACTED]
B	15,269	14,519	13,768	[REDACTED]
C	13,767	13,017	12,266	[REDACTED]
D	12,265	11,515	10,764	[REDACTED]
E	10,763	10,013	9,262	[REDACTED]
F	9,261	8,511	7,760	[REDACTED]
G	7,759	7,009	6,258	[REDACTED]
H	6,257	5,507	4,756	[REDACTED]
I	4,755	4,005	3,254	[REDACTED]
J	3,253	2,503	1,752	[REDACTED]
K	1,751	1,001	0	[REDACTED]



**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 3

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,816	38,299	37,524	[REDACTED]
13	37,523	36,746	35,971	[REDACTED]
12	35,970	35,194	34,418	[REDACTED]
11	34,417	33,641	32,866	[REDACTED]
10	32,865	32,088	31,313	[REDACTED]
9	31,312	30,536	29,760	[REDACTED]
8	29,759	28,983	28,208	[REDACTED]
7	28,207	27,430	26,655	[REDACTED]
6	26,654	25,878	25,101	[REDACTED]
5	25,100	24,325	23,549	[REDACTED]
4	23,548	22,772	21,996	[REDACTED]
3	21,995	21,220	20,443	[REDACTED]
2	20,442	19,667	18,891	[REDACTED]
1	18,890	18,114	17,338	[REDACTED]
A	17,337	16,562	15,785	[REDACTED]
B	15,784	15,009	14,233	[REDACTED]
C	14,232	13,456	12,680	[REDACTED]
D	12,679	11,904	11,127	[REDACTED]
E	11,126	10,351	9,575	[REDACTED]
F	9,574	8,798	8,022	[REDACTED]
G	8,021	7,246	6,469	[REDACTED]
H	6,468	5,693	4,917	[REDACTED]
I	4,916	4,140	3,364	[REDACTED]
J	3,363	2,588	1,811	[REDACTED]
K	1,810	1,035	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 4

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 5

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 6

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 7

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 8

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 9

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 10

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]



**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 11

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 12

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 13

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

**OFFICIAL SENSITIVE**  
**CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837**  
**FINAL**

Contract Year 14

<b>Band</b>	<b>Upper Volume Boundary</b>	<b>Mid- Point Volume</b>	<b>Lower Volume Boundary</b>	<b>Fixed FFS</b>
14	38,921	38,402	37,624	[REDACTED]
13	37,623	36,845	36,068	[REDACTED]
12	36,067	35,288	34,511	[REDACTED]
11	34,510	33,731	32,954	[REDACTED]
10	32,953	32,174	31,397	[REDACTED]
9	31,396	30,618	29,840	[REDACTED]
8	29,839	29,061	28,283	[REDACTED]
7	28,282	27,504	26,727	[REDACTED]
6	26,726	25,947	25,169	[REDACTED]
5	25,168	24,390	23,612	[REDACTED]
4	23,611	22,833	22,055	[REDACTED]
3	22,054	21,277	20,498	[REDACTED]
2	20,497	19,720	18,941	[REDACTED]
1	18,940	18,163	17,385	[REDACTED]
A	17,384	16,606	15,828	[REDACTED]
B	15,827	15,049	14,271	[REDACTED]
C	14,270	13,493	12,714	[REDACTED]
D	12,713	11,936	11,157	[REDACTED]
E	11,156	10,379	9,600	[REDACTED]
F	9,599	8,822	8,044	[REDACTED]
G	8,043	7,265	6,487	[REDACTED]
H	6,486	5,708	4,930	[REDACTED]
I	4,929	4,152	3,373	[REDACTED]
J	3,372	2,595	1,816	[REDACTED]
K	1,815	1,038	0	[REDACTED]

## APPENDIX 4

## PART 1

## QUARTERLY BINARY METRIC TABLES

Band	Contract Year	Upper Boundary (%)	Lower Boundary (%)	Consequence
1	1 (First Contract Year)	n/a	n/a	Paragraph 7.2(a) applies
	2	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	3	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	4	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	5	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	6	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	7	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	8	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	9	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	10	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	11	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	12	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	13	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
	14	[REDACTED]	[REDACTED]	Paragraph 7.2(a) applies
2	All Contract Years	[REDACTED]	[REDACTED]	Paragraph 7.2(b) applies
3	All Contract Years	[REDACTED]	[REDACTED]	Paragraph 7.2(c) applies

**PART 2**

**ANNUAL BINARY METRIC TABLE**

<b>Band</b>	<b>Contract Year</b>	<b>Upper Boundary (%)</b>	<b>Lower Boundary (%)</b>	<b>Consequence</b>
1	1 (First Contract Year)	n/a	n/a	Paragraph 8.2(a) applies
	2	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	3	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	4	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	5	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	6	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	7	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	8	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	9	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	10	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	11	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	12	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	13	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
	14	[REDACTED]	[REDACTED]	Paragraph 8.2(a) applies
2	All Contract Years	[REDACTED]	[REDACTED]	Paragraph 8.2(b) applies
3	All Contract Years	[REDACTED]	[REDACTED]	Paragraph 8.2(c) applies
4	All Contract Years	[REDACTED]	[REDACTED]	Paragraph 8.2(d) applies

## **APPENDIX 5**

### **PBR AMOUNTS**

#### **1. DEFINITIONS**

**Base PbR Amount** has the meaning given to it in paragraph 2.2 of this Appendix 5;

**Projected PbR Starts** has the meaning given to it in paragraph 2.2 of this Appendix 5; and

**Total PbR Amount** means the amount calculated under paragraph 2.1 of this Appendix 5.

#### **2. MAXIMUM PBR AMOUNTS**

2.1 The **Total PbR Amount** for each Applicable Contract Year shall be calculated as follows:

$$(A/B) * C$$

Where:

A = the number of Allocated Persons who Enter into a Cohort during the Contract Year in which the Applicable Annual Cohort was established;

B = the number of Projected PbR Starts for the Applicable Contract Year; and

C = the Base PbR Amount for the Applicable Contract Year.

2.2 The number of Projected PbR Starts and the Base PbR Amount shall each be the amount set out in the relevant column of the table below for the Contract Year in which the Annual Cohort was established:

<b>Contract Year</b>	<b>Projected PbR Starts</b>	<b>Base PbR Amount</b>
1 (First Contract Year)	0	0
2	[REDACTED]	[REDACTED]
3	[REDACTED]	[REDACTED]
4	[REDACTED]	[REDACTED]
5	[REDACTED]	[REDACTED]
6	[REDACTED]	[REDACTED]
7	[REDACTED]	[REDACTED]
8	[REDACTED]	[REDACTED]
9	[REDACTED]	[REDACTED]
10	[REDACTED]	[REDACTED]
11	[REDACTED]	[REDACTED]
12	[REDACTED]	[REDACTED]
13	[REDACTED]	[REDACTED]
14	[REDACTED]	[REDACTED]

2.3 Subject to paragraph 9 of this Schedule and paragraph 2.4 of this Appendix 5:

- (a) the **Maximum Quarterly Binary Amount** shall be the Maximum Annual Binary Amount for the Contract Year in which the relevant Quarterly Cohort was established, divided by 4;
- (b) the **Maximum Annual Binary Amount** shall be the Total PbR Amount for the Contract Year in which the relevant Annual Cohort was established, divided by 2; and
- (c) the **Maximum Frequency Amount** shall be the Total PbR Amount for the Contract Year in which the relevant Annual Cohort was established, divided by 2.

2.4 If the number of Allocated Persons in an Annual Cohort is more than 150% of the Projected PbR Starts for the Contract Year in which that Annual Cohort was established, then when calculating the Total PbR Amount, 'A' in the calculation set out in paragraph 1.2 of this Appendix shall be the number that is equal to 150% of 'B' in that calculation.

*By way of example only:*

*If, in the Annual Cohort established in Contract Year 4, (i) the Base PbR Amount is £1,000,000; (ii) the Projected PbR Starts is 4,000; and (iii) there are 5,000 Allocated Persons then the Total PbR Amount is: £1,250,000 (i.e.  $(5,000/4,000 * 1,000,000)$ ).*

*Therefore:*

*(i) the Maximum Annual Binary Amount in relation to the Annual Cohort established in Contract Year 4 is £625,000 (i.e.  $£1,250,000/2$ ) which determines the maximum amount of any Binary PbR Top-up Amount in accordance with paragraph 8.10 of this Schedule and so the maximum amount that may be added to the Contractor's invoice in accordance with paragraph 8.7 of this Schedule (which invoice shall actually be issued during Contract Year 6);*

*(ii) the Maximum Quarterly Binary Amount in relation to any Quarterly Cohort established in Contract Year 4 is £312,500 (i.e.  $£1,250,000/4$ ) which determines the maximum amount of any Binary PbR Amount in accordance with paragraph 7.9 of this Schedule and so the maximum amount that may be added to the Contractor's invoices in accordance with paragraph 7.6 of this Schedule (which invoices shall actually be issued during Contract Year 6); and*

*(iii) the Maximum Annual Frequency Amount in relation to the Annual Cohort established in Contract Year 4 is £625,000 (i.e.  $£1,250,000/2$ ) which determines the maximum amount of any Frequency PbR Top-up Amount in accordance with paragraph 9.6(b) of this Schedule and so the maximum amount that may be added to the Contractor's invoice in accordance with paragraph 9.4(a) of this Schedule (which invoice shall actually be issued during Contract Year 6).*



**OFFICIAL SENSITIVE****CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837  
FINAL****APPENDIX 6****CRC RATE CARD**

CRC Rate Card Submitted				
	Intervention Name	Bidder Unit notes	Unit Price (£)	Unit
1	Resettlement service (pre-release activity) – accommodation	Per Hour	£48	Per Hour
2	Resettlement service (pre-release activity) – employment	Per Hour	£48	Per Hour
3	Victim-Offender Conferencing (Restorative Justice)	Per intervention* excludes accommodation costs	£842	Per start
4	Senior Attendance Centres	Per 10 offenders	£7,000	Per start

## APPENDIX 7

### NPS RATE CARD

#### 1. DEFINITIONS

1.1 Unless otherwise defined in this Appendix, capitalised terms shall have the meanings given to them in Schedule 1.

**Accredited Programme – Non SOTP** has the meaning given to it in Appendix 1; and

**Unpaid Work** has the meaning given to in Appendix 1.

#### 2. RATE CARD

##### PART 1

Price (£)														
NPS Priced Purchased Service	Contract Year 1 (First Contract Year)	Contract Year 2	Contract Year 3	Contract Year 4	Contract Year 5	Contract Year 6	Contract Year 7	Contract Year 8	Contract Year 9	Contract Year 10	Contract Year 11	Contract Year 12	Contract Year 13	Contract Year 14
Part 1														
Unpaid Work	8.78	8.04	7.11	6.67	6.20	5.91	4.52	4.41	5.05	5.05	5.05	5.05	5.05	5.05
Accredited programme – Non SOTP	3,613	3,309	2,925	2,743	2,552	2,432	1,861	1,816	2,078	2,078	2,078	2,078	2,078	2,078

**OFFICIAL SENSITIVE****CPA 10, DERBYSHIRE, LEICESTERSHIRE, NOTTINGHAMSHIRE AND RUTLAND, BIDDER 837****FINAL****PART 2**

<b>NPS Rate Card Submitted</b>				
	<b>Intervention Name</b>	<b>Bidder Unit notes</b>	<b>Unit Price (£)</b>	<b>Unit</b>
1	Resettlement service (pre-release activity) - accommodation	Per Hour	£48	Per Hour
2	Resettlement service (pre-release activity) - employment	Per Hour	£48	Per Hour
3	Victim-Offender Conferencing (Restorative Justice)	Per intervention* excludes accommodation costs	£842	Per start
4	Senior Attendance Centres	Per 10 offenders	£7,000	Per start

**APPENDIX 8**

**TERMINATION COMPENSATION AMOUNTS**

<b>Contract Year</b>	<b>Termination Compensation Amount</b>
1 (First Contract Year)	[REDACTED]
2	[REDACTED]
3	[REDACTED]
4	[REDACTED]
5	[REDACTED]
6	[REDACTED]
7	[REDACTED]
8	[REDACTED]