

SCHEDULE 15

CHARGES AND INVOICING

SCHEDULE 15 (CHARGES AND INVOICING)

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Schedule 15 (*Charges and Invoicing*)

1 DEFINITIONS

1.1 In this Schedule, the following definitions shall apply:

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| “Achieved Profit Margin” | the cumulative Supplier Profit Margin calculated from (and including) the Effective Date (or, if applicable, the date of the last adjustment to the Charges made pursuant to Paragraph 2.2 of Part D) to (and including) the last day of the previous Contract Year; |
| “Anticipated Contract Life Profit Margin” | the anticipated Supplier Profit Margin over the Term as reflected in the Financial Model; |
| “Certificate of Costs” | a certificate of costs signed by the Supplier’s Chief Financial Officer or Director of Finance (or equivalent as agreed in writing by the Authority in advance of issue of the relevant certificate) and substantially in the format set out in Annex 3; |
| “Costs” | <p>the following costs (without double recovery) to the extent that they are reasonably and properly incurred by the Supplier in providing the Services:</p> <ul style="list-style-type: none">(a) the cost to the Supplier or the Key Sub-contractor (as the context requires), calculated per Work Day, of engaging the Supplier Personnel, including:<ul style="list-style-type: none">(i) base salary paid to the Supplier Personnel;(ii) employer’s national insurance contributions;(iii) Employer Pension Contributions;(iv) car allowances;(v) any other contractual employment benefits;(vi) staff training;(vii) work place accommodation;(viii) work place IT equipment and tools reasonably necessary to perform the Services (but not including items included within limb (b) below); and(ix) reasonable recruitment costs, as agreed with the Authority;(b) costs incurred in respect of those Assets which are detailed on the Registers and which would be treated as capital costs according to generally accepted accounting principles within the UK, which shall include the cost to be charged in respect of Assets by the Supplier to |

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the Authority or (to the extent that risk and title in any Asset is not held by the Supplier) any cost actually incurred by the Supplier in respect of those Assets;

- (c) operational costs which are not included within (a) or (b) above, to the extent that such costs are necessary and properly incurred by the Supplier in the delivery of the Services;
- (d) Forecast Contingency Costs;
- (e) Reimbursable Expenses to the extent these are incurred in delivering any Services where the Charges for those Services are to be calculated on a Fixed Price or Firm Price pricing mechanism;

but excluding:

- (i) Overhead;
- (ii) financing or similar costs;
- (iii) maintenance and support costs to the extent that these relate to maintenance and/or support services provided beyond the Term, whether in relation to Assets or otherwise;
- (iv) taxation;
- (v) fines and penalties;
- (vi) amounts payable under Schedule 17 (*Benchmarking*); and
- (vii) non-cash items (including depreciation, amortisation, impairments and movements in provisions);

“Delay Payment Rate” has the meaning given in Paragraph 1.1(a) of Part C;

“The Employer Pension Contributions” means:

- (a) in respect of CSPA Eligible Employees those sums set out at Clauses 7.1.1 (*annual administration charges covering core services*), 7.1.5 (*employer contributions*), 7.1.7 (*the ASLC*) and 7.1.8 (*flat charges applicable to the Partnership Pension Account*) of the Admission Agreement;
- (b) in respect of NHSPA Eligible Employees, the standard employer contribution rate applicable to NHS Pension Scheme employers during the Term and payable by the Supplier (but no other costs, contributions, charges or surcharges payable by the Supplier to or in respect of the NHS Pension Scheme or in respect of any NHS

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| | Premature Retirement Rights, unless otherwise agreed in writing by the Authority); |
| (c) | in respect of LGPS Eligible Employees the standard employer contribution rate applicable to LGPS Eligible Employees during the Term and payable by the Supplier (but no other costs, contributions, charges or surcharges payable by the Supplier to or in respect of the LGPS or in respect of any Beckmann Liabilities, unless otherwise agreed in writing by the Authority); and |
| | such other employer pension contributions, charges or costs incurred by the Supplier which have been expressly agreed by the Authority in writing to constitute 'Employer Pension Contributions'; |
| “European Standard” | in relation to an electronic invoice means the European standard and any of the syntaxes published in Commission Implementing Decision (EU) 2017/1870. |
| “Forecast Contingency Costs” | the costs which the Supplier forecasts may be incurred in relation to the risks and contingencies that are identified in the Risk Register, such costs being those set out in the column headed 'Forecast Contingency Costs' in the Risk Register (as such costs are updated from time to time); |
| “Guaranteed Maximum Price” | in relation to a Milestone, 110% of the Target Price for the relevant Milestone; |
| “Incurred Costs” | in relation to a Milestone, the sum of the fixed day costs set out in Table 3 of Annex 1 multiplied by the number of Work Days that have been expended by the Supplier Personnel in Achieving the relevant Milestone; |
| “Indexation” and “Index” | the adjustment of an amount or sum in accordance with Paragraph 5 of Part C; |
| “Maximum Permitted Profit Margin” | the Anticipated Contract Life Profit Margin plus 5%; |
| “Milestone Retention” | has the meaning given in Paragraph 1.4 of Part B; |
| “Overhead” | those amounts which are intended to recover a proportion of the Supplier's or the Key Sub-contractor's (as the context requires) indirect corporate costs (including financing, marketing, advertising, research and development and insurance costs and any fines or penalties) but excluding allowable indirect costs apportioned to facilities and administration in the provision of Supplier Personnel and accordingly included within limb (a) of the definition of “Costs” or the day cost set out in Table 3 of Annex 1; |

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| “Reimbursable Expenses” | <p>reasonable out of pocket travel and subsistence (for example, hotel and food) expenses, properly and necessarily incurred in the performance of the Services, calculated at the rates and in accordance with the Authority's expenses policy current from time to time, but not including:</p> <ul style="list-style-type: none">(a) travel expenses incurred as a result of Supplier Personnel travelling to and from their usual place of work, or to and from the premises at which the Services are principally to be performed, unless the Authority otherwise agrees in advance in writing; and(b) subsistence expenses incurred by Supplier Personnel whilst performing the Services at their usual place of work, or to and from the premises at which the Services are principally to be performed; |
| “Supplier Profit” | <p>in relation to a period or a Milestone (as the context requires), the difference between the total Charges (in nominal cash flow terms but excluding any Deductions) and total Costs (in nominal cash flow terms) for the relevant period or in relation to the relevant Milestone;</p> |
| “Supplier Profit Margin” | <p>in relation to a period or a Milestone (as the context requires), the Supplier Profit for the relevant period or in relation to the relevant Milestone divided by the total Charges over the same period or in relation to the relevant Milestone and expressed as a percentage;</p> |
| “Supporting Documentation” | <p>sufficient information in writing to enable the Authority reasonably to assess whether the Charges, Reimbursable Expenses and other sums due from the Authority detailed in the information are properly payable, including copies of any applicable Milestone Achievement Certificates or receipts;</p> |
| “Verification Period” | <p>in relation to an Allowable Assumption, the period from (and including) the Effective Date to (and including) the date at which the relevant Allowable Assumption expires, as set out against the relevant Allowable Assumption in column 11 in the table in Annex 5;</p> |
| “Work Day” | <p>7.5 Work Hours, whether or not such hours are worked consecutively and whether or not they are worked on the same day;</p> |
| “Work Hours” | <p>the hours spent by the Supplier Personnel properly working on the Services including time spent travelling (other than to and from the Supplier's offices, or to and from the Sites) but excluding lunch breaks;</p> |

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PART A: PRICING

1 APPLICABLE PRICING MECHANISM

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

2 TIME AND MATERIALS MILESTONE PAYMENTS OR SERVICE CHARGES

- 2.1 Where Table 1 or Table 2 of Annex 2 indicates that a Milestone Payment or Service Charge (as applicable) is to be calculated by reference to a Time and Materials pricing mechanism:
- (a) the day rates set out in Table 1 of Annex 1 shall be used to calculate the relevant Charges, provided that the Supplier (or its Sub-contractor) shall:
 - (i) not be entitled to include any uplift for risks or contingencies within its day rates;
 - (ii) not be paid any Charges to the extent that they would otherwise exceed the cap specified against the relevant Charge in Table 2 of Annex 1 unless the Supplier has obtained the Authority’s prior written consent. The Supplier shall monitor the amount of each Charge incurred in relation to the relevant cap and notify the Authority immediately in the event of any risk that the cap may be exceeded and the Authority shall instruct the Supplier on how to proceed;
 - (iii) only be entitled to be paid Charges that have been properly and reasonably incurred, taking into account the Supplier’s obligation to deliver the Services in a proportionate and efficient manner; and
 - (b) the Supplier shall be entitled to recover the cost of materials and expenses that have been properly and reasonably incurred in provision of the Services (**“Materials Costs”**) and may apply a percentage-based fee to recovery of the Materials Costs (a **“Pass Through Fee”**). The Supplier shall not be entitled to include any uplift for risks or contingencies within its Materials Costs or Pass Through Fee, and the Pass Through Fee percentage shall be no greater than the Anticipated Contract Life Profit Margin percentage;
 - (c) the Supplier shall keep records of hours properly worked by Supplier Personnel (in the form of timesheets) and expenses incurred and submit a

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summary of the relevant records with each invoice. If the Authority requests copies of such records, the Supplier shall make them available to the Authority within 10 Working Days of the Authority's request.

- 2.2 The Supplier shall be entitled to Index the rates set out in Table 1 of Annex 1, but any caps set out in Table 2 of Annex 1 shall not be subject to Indexation.

3 GUARANTEED MAXIMUM PRICE WITH TARGET COST INCENTIVE MILESTONE PAYMENTS

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

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

$$AP = TP - ((TC - IC)/2)$$

where:

AP is the Actual Price for the relevant Milestone;

TP is the Target Price for the relevant Milestone;

TC is the Target Cost for the relevant Milestone; and

IC is the Incurred Costs relating to the relevant Milestone.

- 3.3 If the Actual Price is lower than the Target Price, then the difference between the Actual Price and the Target Price (the "**Target Price Surplus**") shall be added to the value set out in column 2 of Table 7 of Annex 1 for the relevant Financial Year and be managed pursuant to Paragraph 7.

- 3.4 If the Incurred Costs relating to a Milestone are greater than the Target Cost for that Milestone, the difference between the Incurred Costs and the Target Cost shall be borne equally between the Authority and the Supplier (resulting in the Supplier receiving a lower Supplier Profit Margin in relation to that Milestone), provided that the maximum Milestone Payment payable by the Authority for the relevant Milestone shall not exceed an amount equal to the guaranteed maximum price for that Milestone as set out in Table 4 of Annex 1 (the "**Guaranteed Maximum Price**") represented numerically:

(a) if:

(i) $IC > TC$; and

(ii) $TP + ((IC - TC)/2) < GMP$,

then Milestone Payment = $TP + ((IC - TC)/2)$ (the "**Guaranteed Maximum Price Milestone Payment Option 1**") or

(b) if:

(i) $IC > TC$; and

(ii) $TP + ((IC - TC)/2) \geq GMP$,

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then Milestone Payment = GMP (the “**Guaranteed Maximum Price Milestone Payment Option 2**”)

where:

- IC is the Incurred Costs relating to the relevant Milestone;
- TC is the Target Cost for the relevant Milestone;
- TP is the Target Price for the relevant Milestone; and
- GMP is $TP * 1.1$, being the Guaranteed Maximum Price for the relevant Milestone.

- 3.5 Charges calculated by reference to a Guaranteed Maximum Price with Target Cost pricing mechanism shall not be subject to increase by way of Indexation.

4 FIXED PRICE MILESTONE PAYMENTS OR SERVICE CHARGES

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

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

5 FIRM PRICE MILESTONE PAYMENTS

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

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

6 REIMBURSABLE EXPENSES

- 6.1 Where:

(a) Services are to be charged using the Time and Materials or Guaranteed Maximum Price with Target Cost pricing mechanism; and

(b) the Authority so agrees in writing,

the Supplier shall be entitled to be reimbursed by the Authority for Reimbursable Expenses (in addition to being paid the relevant Charges), provided that such Reimbursable Expenses are supported by Supporting Documentation.

- 6.2 The Authority shall provide a copy of its current expenses policy to the Supplier upon request.

- 6.3 Except as expressly set out in Paragraph 6.1, the Charges shall include all costs and expenses relating to the Deliverables, the Services and/or the Supplier's performance of its obligations under this Contract and no further amounts shall be payable by the Authority to the Supplier in respect of such performance, including in respect of matters such as:

(a) any incidental expenses that the Supplier incurs, including travel, subsistence and lodging, document and report reproduction, shipping, desktop and office equipment costs required by the Supplier Personnel, including network or data interchange costs or other telecommunications charges; or

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- (b) any amount for any services provided or costs incurred by the Supplier prior to the Effective Date.

7 MINIMUM SPEND ON IMPROVEMENT PROJECTS

- 7.1 The Authority shall purchase additional Improvement Projects (as set out in Schedule 2 (*Services Description*) Paragraph 3.5 (*Product Backlog Management*)), such that the cumulative value of all Improvement Projects in each period commencing on the 1st April and ending on the subsequent 31st March during the Initial Term (each the Authority's "**Financial Year**") (set out in column 1 of Table 7 in Annex 1) shall equal or exceed the corresponding value set out in column 2 of Table 7 of Annex 1 (the "**Improvement Projects Minimum Spend**").
- 7.2 Any failure to achieve the Improvement Projects Minimum Spend shall not be considered an Authority Cause.
- 7.3 The Improvement Projects Minimum Spend shall not be subject to increase by way of Indexation.

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PART B: CHARGING MECHANISMS

1 MILESTONE PAYMENTS

- 1.1 Where the Milestone Payment is to be calculated by reference to a Firm Price pricing mechanism, and subject to the provisions of Paragraph 1 of Part C in relation to the deduction of Delay Payments, on the Achievement of a Milestone the Supplier shall be entitled to invoice the Authority for the Milestone Payment associated with that Milestone less the applicable Milestone Retention in accordance with this Part B.
- 1.2 Where the Milestone Payment is to be calculated by reference to a Time and Materials pricing mechanism, and subject to the provisions of Paragraph 2.1(a)(ii) of Part A in relation to exceeding the cap, the Supplier shall be entitled to invoice the Authority on a monthly basis in arrears for the fixed day costs set out in Table 1 of Annex 1 multiplied by the number of Work Days that have been expended by the Supplier Personnel, and any Materials Costs and Pass Through Fees due to the Supplier pursuant to Part A 2.1(b), in Achieving the relevant Milestone.
- 1.3 Each invoice relating to a Milestone Payment shall be supported by:
- (a) where the Milestone Payment is to be calculated by reference to a Firm Price pricing mechanism, a Milestone Achievement Certificate; or
 - (b) where the Milestone Payment is to be calculated by reference to a Guaranteed Maximum Price with Target Cost or Time and Materials pricing mechanism, a Certificate of Costs with Supporting Documentation.
- 1.4 The “**Milestone Retention**” for each Milestone where the Milestone Payment for the relevant Milestone is determined by reference to a Firm Price pricing mechanism, 5% of the Charges for that Milestone, and, in the case of a Key Milestone, prior to deduction from the Milestone Payment of any Delay Payment attributable to that Key Milestone and without taking account of any amount payable by the Supplier pursuant to Paragraph 1 of Part C.

Guaranteed Maximum Price with Target Cost pricing mechanism

- 1.5 Where a Milestone Payment relating to a single Milestone is to be calculated by reference to a Guaranteed Maximum Price with Target Cost pricing mechanism, then the following payment process shall apply:
- (a) if a Milestone Achievement Certificate for the Milestone has not yet been issued, upon the issue of a Test Certificate for a Sprint the Supplier may invoice the Authority for the Incurred Costs associated for the relevant Sprint; and
 - (b) upon the issue of a Milestone Achievement Certificate for the Milestone,
 - (i) if the Incurred Costs relating to a Milestone are lower than the Target Cost for that Milestone, the Supplier may invoice the Authority for the Actual Price (minus the cumulative Incurred Costs invoiced to date pursuant to Paragraph 1.5(a)) for the relevant Milestone; or
 - (ii) if the Incurred Costs relating to a Milestone are greater than the Target Cost for that Milestone and:
 - (A) the Guaranteed Maximum Price Milestone Payment Option 1 does not exceed an amount equal to the Guaranteed Maximum Price, the Supplier may invoice the Authority for the Guaranteed Maximum Price Milestone Payment Option 1 (minus the cumulative Incurred Costs invoiced to date pursuant to Paragraph 1.5(a)) for the relevant Milestone; or

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- (B) the Guaranteed Maximum Price Milestone Payment Option 2 is the same amount or exceeds an amount equal to the Guaranteed Maximum Price, the Supplier may invoice the Authority for the Guaranteed Maximum Price Milestone Payment Option 2 (minus the cumulative Incurred Costs invoiced to date pursuant to Paragraph 1.5(a)) for the relevant Milestone.

Release of Milestone Retentions

- 1.6 On Achievement of a CPP Milestone relating to the Supplier Solution or one or more Services (as the case may be), the Supplier shall be entitled to invoice the Authority for an amount equal to all Milestone Retentions that relate to Milestones identified in the “*CPP Milestone Charge Number*” column of Table 1 (or, in relation to Milestone Retentions in respect of Optional Services, Table 4) of Annex 2 and corresponding CPP Milestone Charge Number identified in Table 2 of Annex 4 of Schedule 14 (*Testing Procedures*) as being payable in respect of that CPP Milestone and have not been paid before such CPP Milestone.

2 SERVICE CHARGES

- 2.1 Each Service to which a Service Charge relates shall commence on the Achievement of the Milestone set out against that Service in the “*Service Charge Trigger Event*” column of Table 2 of Annex 2.
- 2.2 Service Charges shall be invoiced by the Supplier for each Service Period in arrears in accordance with the requirements of Part E. If a Service Charge is to be calculated by reference to a Time and Materials pricing mechanism, and subject to the provisions of Paragraph 2.1(a)(ii) of Part A in relation to exceeding the cap, the Supplier shall invoice the Authority on a monthly basis in arrears for the fixed day costs set out in Table 1 of Annex 1 multiplied by the number of Work Days that have been expended by the Supplier Personnel, and any Materials Costs and Pass Through Fees due to the Supplier pursuant to Part A 2.1(b).
- 2.3 If a Service Charge is to be calculated by reference to a Fixed Price pricing mechanism and the relevant Service:
- (a) commences on a day other than the first day of a month; and/or
- (b) ends on a day other than the last day of a month,
- the Service Charge for the relevant Service Period shall be pro-rated based on the proportion which the number of days in the month for which the Service is provided bears to the total number of days in that month.
- 2.4 Any Service Credits that accrue during a Service Period shall be deducted from the Service Charges payable for the next following Service Period.
- 2.5 Any Service Credits that are reversed in accordance with Paragraph 3.6 of Part C shall be added to the Service Charges payable for the next following Service Period.
- 2.6 An invoice for a Service Charge shall not be payable by the Authority unless all adjustments (including Service Credits and any Service Credits that are reversed in accordance with Paragraph 3.6 of Part C) relating to the Service Charges for the immediately preceding Service Period have been agreed.

3 SOFTWARE PROCUREMENT

- 3.1 The Supplier may make payment in advance for Software (including any Software which is provided on a Software as a Service basis) for commitments no longer than twelve (12) months (unless otherwise agreed in writing by the Authority) where the

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Supplier can demonstrate that payment in advance for Software will result in a price discount and demonstrate a good value for money case to the Authority.

3.2 The Supplier shall keep appropriate documents and records to support the justification of payments made in advance for Software and provide prompt access to such records to the Authority upon the Authority's request.

3.3 The Supplier shall align payments in advance for Software to the most appropriate:

(a) Milestone Payment which uses the Firm Price pricing mechanism; or

(b) Service Charge which uses the Fixed Price pricing mechanism.

and shall invoice the Authority in accordance with the provisions of Paragraph 1 or 2 of this Part B (as the context requires).

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PART C: ADJUSTMENTS TO THE CHARGES AND RISK REGISTER

1 DELAY PAYMENTS

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

2 PAYMENTS FOR DELAYS DUE TO AUTHORITY CAUSE

- 2.1 If the Supplier is entitled in accordance with Clause 29.1(iii)(D) (*Authority Cause*) to compensation for failure to Achieve a Milestone by its Milestone Date, then, subject always to Clause 23 (*Limitations on Liability*), such compensation shall be determined in accordance with the following principles:
- (a) the compensation shall reimburse the Supplier for additional Costs incurred by the Supplier that the Supplier:
 - (i) can demonstrate it has incurred solely and directly as a result of the Authority Cause; and

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- (ii) is, has been, or will be unable to mitigate, having complied with its obligations under Clause 29.1 (*Authority Cause*)
together with an amount equal to the Anticipated Contract Life Profit Margin thereon;
 - (b) the compensation shall not operate so as to put the Supplier in a better position than it would have been in but for the occurrence of the Authority Cause;
 - (c) where the Milestone Payment for the relevant Milestone is to be calculated by reference to the Guaranteed Maximum Price with Target Cost pricing mechanism, then:
 - (i) the Target Price for the Milestone shall be increased in accordance with the following formula:
$$\text{NTP} = \text{TP} + (\text{AC} \times 1.x)$$

where:
 - NTP is the revised Target Price for the relevant Milestone;
 - TP is the original Target Price for the relevant Milestone;
 - AC is an amount equal to any additional Costs incurred by the Supplier in Achieving the Milestone to the extent that the Supplier can demonstrate that such additional Costs were caused by the Authority Cause; and
 - x is the Supplier Profit Margin that the Supplier would have received in respect of the relevant Milestone on the basis of the unadjusted Target Cost and unadjusted Target Price for that Milestone, as set out in Table 4 of Annex 1, expressed as a decimal; and
 - (ii) the Guaranteed Maximum Price shall be increased to an amount equal to 110% of the Target Price as adjusted pursuant to Paragraph 2.1(c)(i);
 - (d) where the relevant Milestone Payment is to be calculated based upon a Fixed Price or a Firm Price pricing mechanism, the compensation shall include such amount as is appropriate to maintain the Supplier Profit Margin set out in respect of the relevant Milestone in Table 5 or Table 6 of Annex 1; and
 - (e) where the Milestone Payment includes any Charges which are capped, then to the extent that the compensation agreed pursuant to this Paragraph 2 results in the Authority paying additional Time and Materials Charges for resources or effort which the Supplier demonstrates are required as a result of the Authority Cause, such additional Time and Materials Charges shall be disregarded for the purposes of calculating the relevant cap.
- 2.2 The Supplier shall provide the Authority with any information the Authority (acting reasonably) may require in order to assess the validity of the Supplier's claim to compensation in relation to the Authority Cause.

3 SERVICE CREDITS

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- 3.1 Service Credits shall be calculated by reference to the number of Service Points accrued in any one Service Period one (1) month following Achievement of the ATP Milestone pursuant to the provisions of Schedule 3 (*Performance Levels*).
- 3.2 For each Service Period:
- (a) the Service Points accrued shall be converted to a percentage deduction from the Service Charges for the relevant Service Period on the basis of one point equating to a 0.1% deduction in the Service Charges; and
 - (b) the total Service Credits applicable for the Service Period shall be calculated in accordance with the following formula:
$$SC = TSP \times X \times AC$$

where:

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

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

X is 0.1%; and

AC is the total Services Charges payable for the relevant Service Period (prior to deduction of applicable Service Credits).
- 3.3 The liability of the Supplier in respect of Service Credits shall be subject to Clause 23.4(c) (*Financial and other Limits*) provided that, for the avoidance of doubt, the operation of the Service Credit Cap shall not affect the continued accrual of Service Points in excess of such financial limit in accordance with the provisions of Schedule 3 (*Performance Levels*).
- 3.4 Service Credits are a reduction of the Service Charges payable in respect of the relevant Services to reflect the reduced value of the Services actually received and are stated exclusive of VAT.
- 3.5 Service Credits shall be shown as a deduction from the amount due from the Authority to the Supplier in the invoice for the Service Period immediately succeeding the Service Period to which they relate.
- 3.6 Following a Service Credit being due under this Paragraph 3, if no further Performance Failures occur in the following three (3) Service Periods, then the relevant Service Credit will no longer apply and, if applicable, will be invoiced to the Authority (each a “**Reversed Service Credit**”) in accordance with Paragraph 2 of Part B.
- ### 4 CHANGES TO CHARGES
- 4.1 Any Changes to the Charges shall be developed and agreed by the Parties in accordance with Schedule 22 (*Change Control Procedure*) and on the basis that the Supplier Profit Margin on such Charges shall:
- (a) be no greater than that applying to Charges using the same pricing mechanism as at the Effective Date (as set out in the Contract Inception Report); and
 - (b) in no event exceed the Maximum Permitted Profit Margin.
- 4.2 The Authority may request that any Impact Assessment presents Charges without Indexation for the purposes of comparison.

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- 4.3 Any Changes to the Charges proposed by the Supplier which are due to increases in Key Sub-contracts or Third Party Contracts shall not be agreed by the Supplier until the Authority agrees in writing in accordance with Schedule 22 (*Change Control Procedure*). Any increases shall not be proposed prior to a period of 36 months on the anniversary of the Effective Date, be justified through open book cost breakdown as against the Contract Inception Report, and be based on the Supplier's actual increases in cost. The Supplier shall promptly provide to the Authority any documentation that the Authority reasonably requires to assess the Supplier's proposed adjustments to any amounts or sums. The Authority may (subject to Paragraph 2 (*Frequency, Purpose and Scope of Benchmark Review*) in Schedule 17 (*Benchmarking*)) utilise the provisions of Schedule 17 (*Benchmarking*) to support the validation of any Changes to the Charges.
- 4.4 Where Changes to the Charges due to increases in Key Sub-contracts or Third Party Contracts has been determined by mutual agreement between the Parties (both acting reasonably) in accordance with this Paragraph 4, the relevant adjustment shall be applied in accordance with Schedule 22 (*Change Control Procedure*).
- 4.5 If the Parties do not agree on the adjustments either Party may refer the matter to be determined by an expert in accordance with Paragraph 6 of Schedule 23 (*Dispute Resolution Procedure*).

5 INDEXATION

- 5.1 Any amounts or sums in this Contract which are expressed to be "subject to Indexation" shall be adjusted in accordance with the provisions of this Paragraph 5 to reflect the effects of inflation.
- 5.2 Where Indexation applies, the relevant adjustment shall be:
- (a) applied on the first day of the third April following the Effective Date and on the first day of April in each subsequent year (each such date an "**adjustment date**"); and
 - (b) determined by multiplying the relevant amount or sum by the percentage increase or changes in the Consumer Price Index published for the 12 months ended on the 31 January immediately preceding the relevant adjustment date, assuming the percentage increase in the Consumer Price Index is no more than two percent (2%) (the "**CPI Cap**").
- 5.3 Where the percentage increase in the Consumer Price Index exceeds an amount equal to the CPI Cap, the Supplier may propose to adjust any amounts or sums in this Contract which are expressed to be "subject to Indexation" in accordance with the provisions of this Paragraph 5. Any increases shall be justified through open book cost breakdown as against the Contract Inception Report and be based on the Supplier's actual increases in cost. The Supplier shall promptly provide to the Authority any documentation that the Authority reasonably requires to assess the Supplier's proposed adjustments to any amounts or sums.
- 5.4 Where Indexation applies and has been determined by mutual agreement between the Parties (both acting reasonably) in accordance with this Paragraph 5, the relevant adjustment shall be applied in accordance with Paragraph 5.2(a).
- 5.5 If the Parties do not agree on the adjustments either Party may refer the matter to be determined by an expert in accordance with Paragraph 6 of Schedule 23 (*Dispute Resolution Procedure*).
- 5.6 Except as set out in this Paragraph 5, neither the Charges nor any other costs, expenses, fees or charges shall be adjusted to take account of any inflation, change

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to exchange rate, change to interest rate or any other factor or element which might otherwise increase the cost to the Supplier or Sub-contractors of the performance of their obligations.

6 ALLOWABLE ASSUMPTIONS

- 6.1 The Supplier shall determine whether each Allowable Assumption is accurate within its Verification Period.
- 6.2 During each Verification Period, the Authority shall provide the Supplier with reasonable assistance and access to information within its possession or reasonable control and which the Authority deems is relevant to the Allowable Assumption being verified.
- 6.3 Within 10 Working Days of the end of each Verification Period (unless a different period is otherwise agreed in writing by the Authority), the Supplier shall provide the Authority with a written report setting out the results of the Supplier's verification activity for the relevant Allowable Assumption, including whether the Allowable Assumption is accurate or whether the Implementation Plan and/or the Contract Inception Report require adjustment.
- 6.4 Each Allowable Assumption shall be deemed accurate unless adjusting for the relevant Allowable Assumption has an impact:
- (a) on the Financial Model greater than the associated trigger for invocation, as set out in column 9 of the table in Annex 5; or
 - (b) on the Implementation Plan which would require adjustment under the Change Control Procedure, as identified in column 3 of the table in Annex 5,
- in which case Paragraph 6.5 shall apply.
- 6.5 Where the Parties agree that an Allowable Assumption is not accurate and the Financial Model and/or Implementation Plan require adjusting:
- (a) the Supplier shall take all reasonable steps to mitigate the impact of the Allowable Assumption on the Financial Model and/or the Implementation Plan;
 - (b) the Supplier may (subject to Paragraph 6.5(c)) propose a Change to take account of the impact of the adjustment of the Allowable Assumption and such Change Request shall be considered in accordance with the Change Control Procedure; and
 - (c) where the Supplier proposes a Change to the Charges under Paragraph 6.5(b), the Change Request shall reflect the requirements of the table in Annex 5, including the requirement that any proposed adjustment to the Charges shall not exceed the maximum impact on the relevant Charges as specified in column 7 of the table in Annex 5.

7 RISK REGISTER

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

8 GAIN-SHARE SUPPLEMENT

- 8.1 Pursuant to Clause 8.3, if the implementation of a Change Request generates savings for the Authority through a reduction of the Service Charges (the "**Savings**"), 50% of such Savings will be paid by the Authority to the Supplier in accordance with paragraph 8.2 ("**Gain-Share Supplement**").

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8.2 The Gain-Share Supplement will be:

- (a) cumulatively capped at 200% of the amount that the Authority has paid the Supplier in accordance with this Contract for the Change Request that generates the Savings; and
- (b) where applicable, invoiced by the Supplier for each Service Period in arrears on the next invoicing date following completion of each Service Period in accordance with the requirements of Part E.

9 PRICE BREAKS

9.1 The Time and Materials day rates set out in Table 1 of Annex 1 shall be subject to percentage based discounts set out in column 2 of Table 3 of Annex 2 (the “**Price Breaks**”) when the aggregate spend through Change Requests reaches the thresholds set out in column 1 of Table 3 of Annex 2 in each Financial Year.

10 MINIMUM SPEND ON IMPROVEMENT PROJECTS

- 10.1 If the Authority's cumulative value of all Improvement Projects in each Financial Year set out in column 1 of Table 7 in Annex 1 is less than the corresponding value set out in column 2 of Table 7 of Annex 1, the Authority will pay the Supplier an amount equal to twenty-five percent (25%) of the difference between the cumulative value of all Improvement Projects in each Financial Year and the Improvement Projects Minimum Spend in the given Financial Year (the “**Improvement Projects Minimum Spend Compensation**”).
- 10.2 If the Authority's cumulative value of all Improvement Projects in each Financial Year set out in column 1 of Table 7 in Annex 1 exceeds the corresponding value set out in column 2 of Table 7 of Annex 1, the amount by which the Authority has exceeded the Improvement Projects Minimum Spend in the given Financial Year may be carried over and applied against the Improvement Projects Minimum Spend in the following Financial Year.
- 10.3 The Improvement Projects Minimum Spend for any Extension Period shall be agreed by the Parties in accordance with Schedule 22 (*Change Control Procedure*).

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PART D: EXCESSIVE SUPPLIER PROFIT MARGIN

1 LIMIT ON SUPPLIER PROFIT MARGIN

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

2 ADJUSTMENT TO THE CHARGES IN THE EVENT OF EXCESS SUPPLIER PROFIT

- 2.1 If an Annual Contract Report demonstrates (or it is otherwise determined pursuant to Paragraph 2 of Part B of Schedule 19 (*Financial Reports and Audit Rights*)) that the Achieved Profit Margin as at the end of the Contract Year to which the Annual Contract Report is made up exceeds the Maximum Permitted Profit Margin:
 - (a) the Supplier shall, within 5 Working Days of delivery to the Authority of the Annual Contract Report, propose such adjustments to the Charges as will ensure that the Achieved Profit Margin both over the Contract Year to which the next Annual Contract Report will relate and over the Term will not exceed the Maximum Permitted Profit Margin;
 - (b) the Authority (acting reasonably) may agree or reject the proposed adjustments;
 - (c) if the Authority rejects the proposed adjustments it shall give reasons and the Supplier shall propose revised adjustments within 10 Working Days of receiving those reasons; and
 - (d) if the Parties cannot agree such revised adjustments and the Authority terminates this Contract by issuing a Termination Notice to the Supplier pursuant to Clause 31.1(a) (*Termination by the Authority*), then for the purpose of calculating any Compensation Payment due to the Supplier, the Termination Notice shall be deemed to have been served as at the date of receipt by the Authority of the relevant Annual Contract Report.
- 2.2 Pending agreement of a proposed adjustment to the Charges pursuant to this Part D, the Charges then in force shall continue to apply. Once the adjustments to the Charges are agreed in accordance with Paragraph 2.1, the Parties shall document the adjustment in a Change Authorisation Note and the adjusted Charges shall apply with effect from the first day of the Service Period that immediately follows the Service Period in which the Change Authorisation Note is executed or such other date as is specified in the Change Authorisation Note.

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PART E: INVOICING AND PAYMENT TERMS

1 SUPPLIER INVOICES

- 1.1 The Authority shall accept for processing any electronic invoice that complies with the European Standard, provided that it is valid and undisputed.
- 1.2 If the Supplier proposes to submit for payment an invoice that does not comply with the European standard the Supplier shall:
 - (a) comply with the requirements of the Authority's e-invoicing system;
 - (b) prepare and provide to the Authority for approval of the format a template invoice within 20 Working Days of the Effective Date which shall include, as a minimum the details set out in Paragraph 1.3 together with such other information as the Authority may reasonably require to assess whether the Charges that will be detailed therein are properly payable; and
 - (c) make such amendments as may be reasonably required by the Authority if the template invoice outlined in (b) is not approved by the Authority.
- 1.3 The Supplier shall ensure that each invoice is submitted in the correct format for the Authority's e-invoicing system, or that it contains the following information:
 - (a) the date of the invoice;
 - (b) a unique invoice number;
 - (c) the Service Period or other period(s) to which the relevant Charge(s) relate;
 - (d) the correct reference for this Contract;
 - (e) the reference number of the purchase order to which it relates (if any);
 - (f) the dates between which the Services subject of each of the Charges detailed on the invoice were performed;
 - (g) a description of the Services;
 - (h) the pricing mechanism used to calculate the Charges (such as Guaranteed Maximum Price with Target Cost, Fixed Price, Time and Materials);
 - (i) any payments due in respect of Achievement of a Milestone, including the Milestone Achievement Certificate number for each relevant Milestone;
 - (j) any payments due in respect of Achievement of a Sprint, including the Test Certificate number for each relevant Sprint;
 - (k) the total Charges gross and net of any applicable deductions and, separately, the amount of any Reimbursable Expenses properly chargeable to the Authority under the terms of this Contract, and, separately, any VAT or other sales tax payable in respect of each of the same;
 - (l) details of any Gain Share Supplements, Price Breaks, Improvement Projects Minimum Spend Compensation, Service Credits or Delay Payments or similar deductions that shall apply to the Charges detailed on the invoice;
 - (m) reference to any reports required by the Authority in respect of the Services to which the Charges detailed on the invoice relate (or in the case of reports issued by the Supplier for validation by the Authority, then

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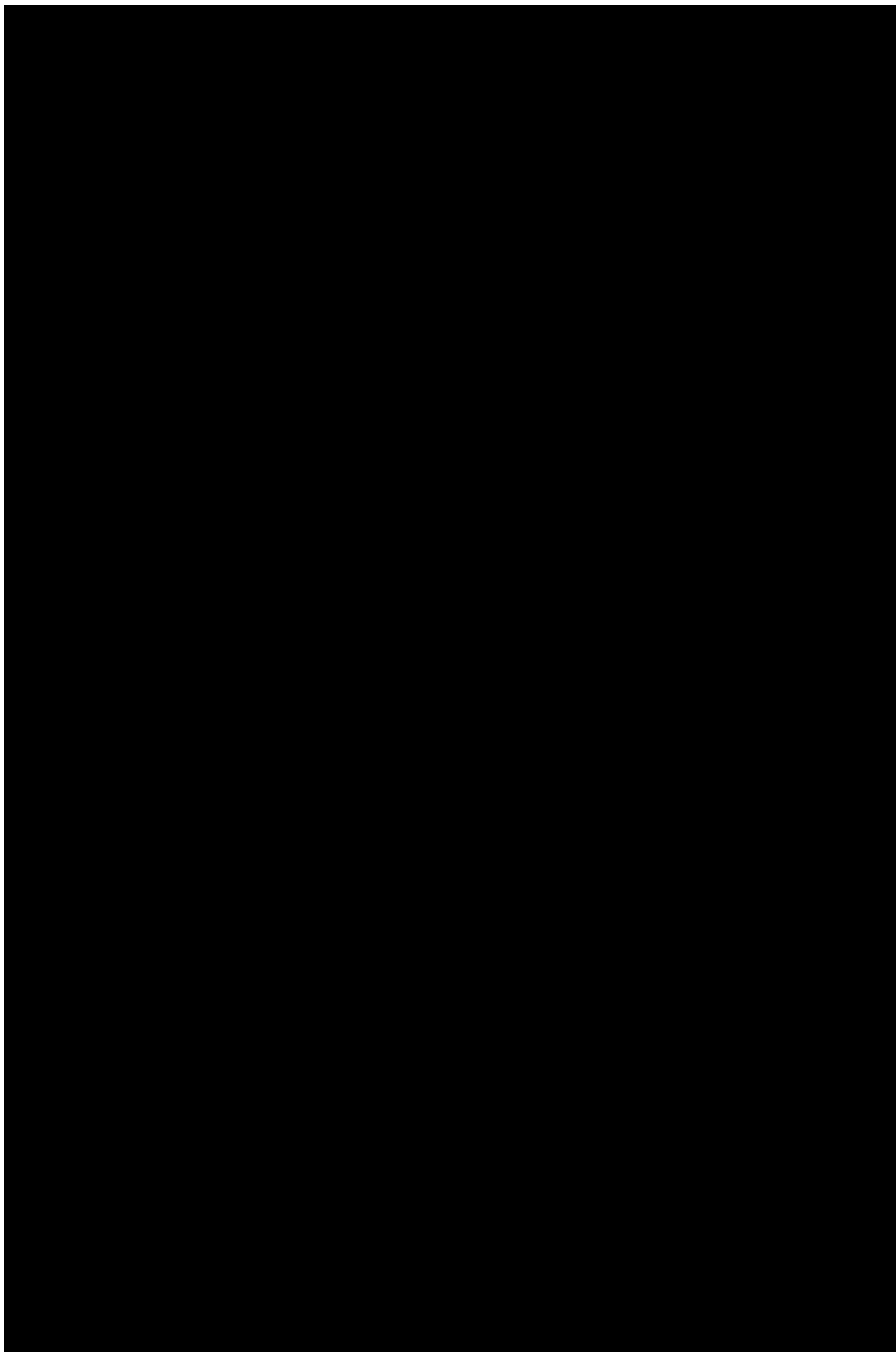
- to any such reports as are validated by the Authority in respect of the Services);
- (n) a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries;
 - (o) the banking details for payment to the Supplier via electronic transfer of funds (i.e. name and address of bank, sort code, account name and number); and
 - (p) where the Services have been structured into separate Service lines, the information at (a) to (o) of this Paragraph 1.3 shall be broken down in each invoice per Service line.
- 1.4 The Supplier shall invoice the Authority in respect of Services in accordance with the requirements of Part B. The Supplier shall first submit to the Authority a draft invoice setting out the Charges payable. The Parties shall endeavour to agree the draft invoice within 5 Working Days of its receipt by the Authority, following which the Supplier shall be entitled to submit its invoice.
- 1.5 Each invoice shall at all times be accompanied by Supporting Documentation. Any assessment by the Authority as to what constitutes Supporting Documentation shall not be conclusive and the Supplier undertakes to provide to the Authority any other documentation reasonably required by the Authority from time to time to substantiate an invoice.
- 1.6 The Supplier shall submit all invoices and Supporting Documentation to [REDACTED] with a copy (again including any Supporting Documentation) to the Authority's Programme Delivery Manager or Service Delivery Manager (as the context requires) and at such place as the Authority may notify to the Supplier from time to time.
- 1.7 All Supplier invoices shall be expressed in sterling or such other currency as shall be permitted by the Authority in writing.
- 1.8 The Authority shall regard an invoice as valid only if it complies with the provisions of this Part E. Where any invoice does not conform to the Authority's requirements set out in this Part E, the Authority shall promptly return the disputed invoice to the Supplier and the Supplier shall promptly issue a replacement invoice which shall comply with such requirements.
- 1.9 If the Authority fails to consider and verify an invoice in accordance with Paragraphs 1.4 and 1.8, the invoice shall be regarded as valid and undisputed for the purpose of Paragraph 2.1 after a reasonable time has passed.
- 2 PAYMENT TERMS**
- 2.1 Subject to the relevant provisions of this Schedule, the Authority shall make payment to the Supplier within thirty (30) days of verifying that the invoice is valid and undisputed.
- 2.2 Unless the Parties agree otherwise in writing, all Supplier invoices shall be paid in sterling by electronic transfer of funds to the bank account that the Supplier has specified on its invoice.

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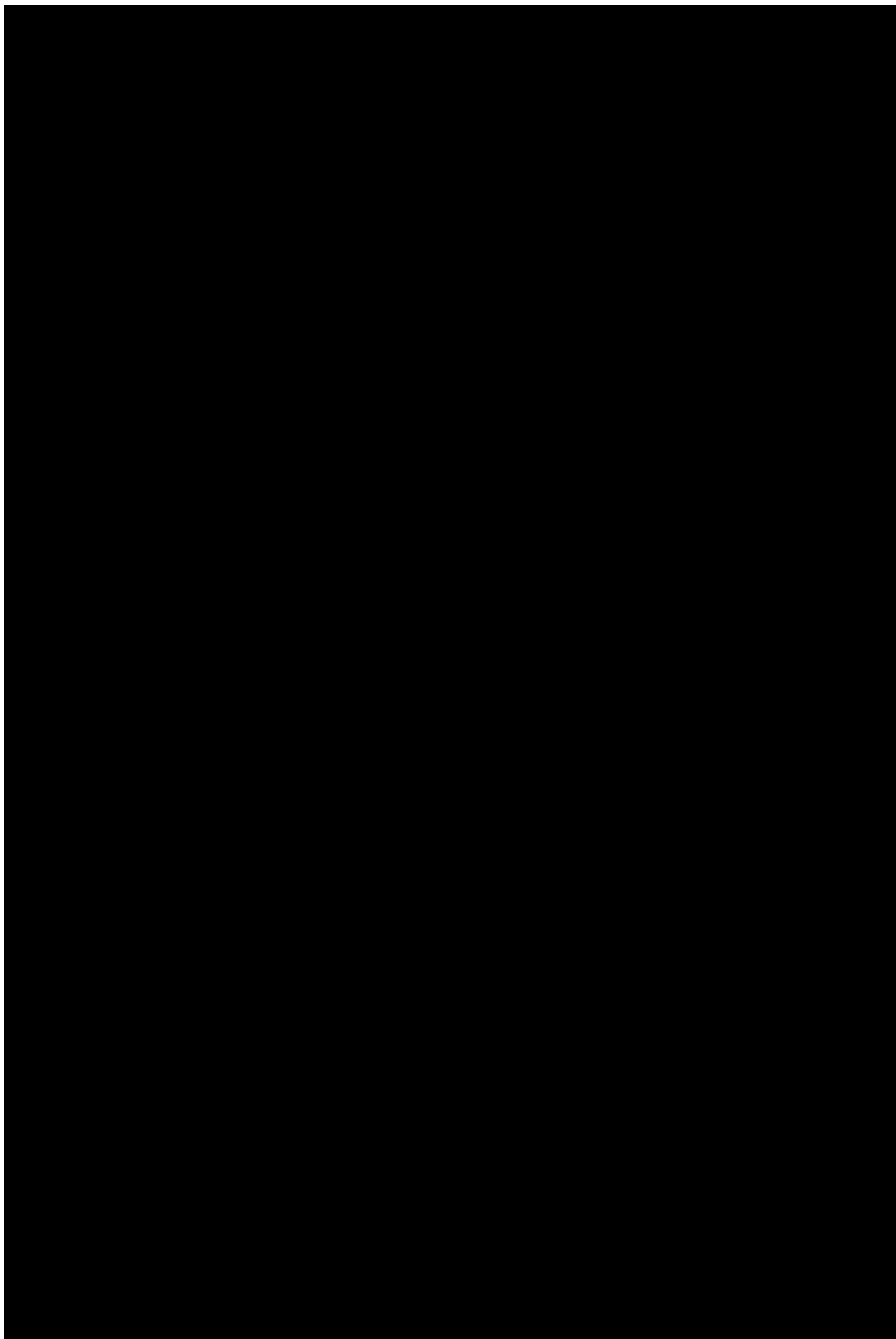
1 TABLE 1: SUPPLIER PERSONNEL RATE CARD FOR CALCULATION OF TIME AND MATERIALS CHARGES

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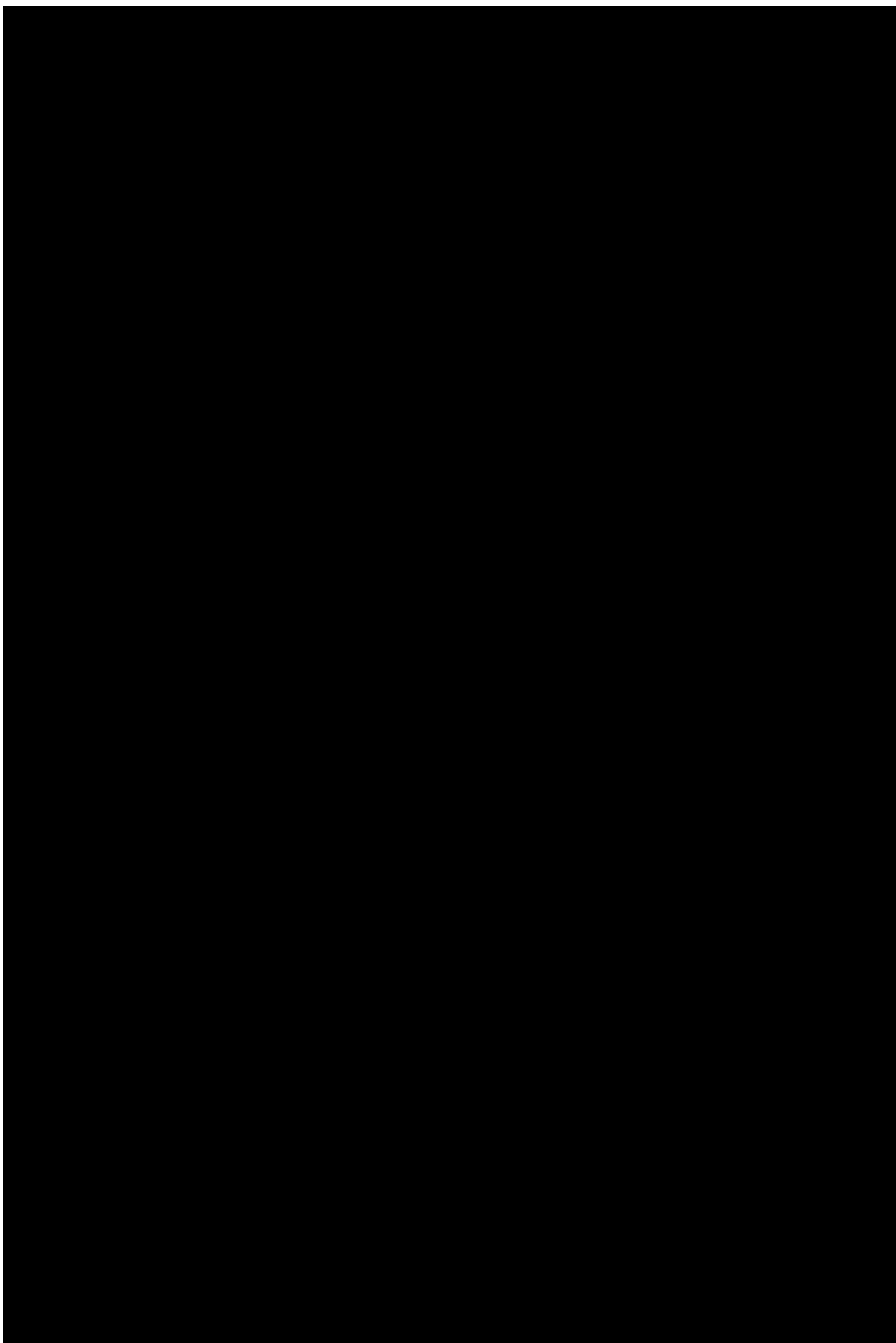
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TABLE 1B: RATE CARD BY DDaT ROLE

| DDaT role | DDaT role description | Role ID | Day rate |
|---|---|---------|----------|
| Accessibility Specialist | https://www.gov.uk/guidance/accessibility-specialist#accessibility-specialist | 1C.0018 | |
| Business Analyst | https://www.gov.uk/guidance/business-analyst--2#business-analyst | 1B.0017 | |
| Content Designer | https://www.gov.uk/guidance/content-designer#content-designer | 1B.0017 | |
| Data Architect | https://www.gov.uk/guidance/data-architect#data-architect | 1B.0018 | |
| Data Engineer | https://www.gov.uk/guidance/data-engineer#data-engineer | 1B.0017 | |
| Frontend Developer | https://www.gov.uk/guidance/frontend-developer#frontend-developer | 1B.0017 | |
| Interaction Designer | https://www.gov.uk/guidance/interaction-designer#interaction-designer | 1B.0017 | |
| Performance Analyst | https://www.gov.uk/guidance/performance-analyst#performance-analyst | 1B.0017 | |
| Product Manager | https://www.gov.uk/guidance/product-manager#product-manager | 1B.0018 | |
| Quality assurance testing (QAT) analyst | https://www.gov.uk/guidance/quality-assurance-testing-qat-analyst#qat-analyst | 1B.0017 | |
| Security Architect | https://www.gov.uk/guidance/security-architect#security-architect | 1B.0018 | |
| Software Developer | https://www.gov.uk/guidance/software-developer#developer | 1B.0017 | |
| Technical Architect | https://www.gov.uk/guidance/technical-architect#technical-architect | 1B.0018 | |
| User Researcher | https://www.gov.uk/guidance/user-researcher#user-researcher | 1C.0017 | |

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2 TABLE 2: MAXIMUM TIME AND MATERIALS CHARGES

| Charge Number | Maximum Time and Materials Charges (the cap) (£) |
|---|--|
| Unregistered Users Solution Discovery Complete (INT2) Interim Milestone | £100,000. |
| Unregistered Users Solution Build, Test and Deployment (INT9) Interim Milestone | £200,000. |
| User Research, Content Design and Interaction Design Complete (INT10) Interim Milestone | £550,000. |
| Telephone Operator costs Year 2 | £220,000. |
| Telephone Operator costs Year 3 | £220,000. |
| Telephone Operator costs Year 4 | £220,000. |
| Telephone Operator costs Year 5 | £220,000. |
| Telephone Operator costs Year 6 | £220,000. |
| Telephone Operator costs Year 7 | £220,000. |
| Telephone Operator costs Year 8 | £220,000. |
| Telephone Operator costs Year 9 | £220,000. |
| Telephone Operator costs Year 10 | £220,000. |

3 TABLE 3: DAY COST FOR CALCULATION OF GUARANTEED MAXIMUM PRICE WITH TARGET COST CHARGES

| Role ID | Role | Supplier Personnel SFIA grade | Day Cost (£) |
|---------|------|-------------------------------|--------------|
| 1A.0001 | | | |
| 1A.0002 | | | |
| 1A.0003 | | | |
| 1A.0004 | | | |

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| Role ID | Role | Supplier Personnel SFIA grade | Day Cost (£) |
|---------|------|-------------------------------|--------------|
| 1A.0005 | | | |
| 1A.0006 | | | |
| 1A.0007 | | | |
| 1A.0008 | | | |
| 1A.0009 | | | |
| 1A.0010 | | | |
| 1A.0011 | | | |
| 1A.0012 | | | |
| 1A.0013 | | | |
| 1A.0014 | | | |
| 1A.0015 | | | |
| 1A.0016 | | | |
| 1A.0017 | | | |
| 1A.0018 | | | |
| 1A.0019 | | | |
| 1A.0020 | | | |
| 1A.0021 | | | |
| 1A.0022 | | | |

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| Role ID | Role | Supplier Personnel SFIA grade | Day Cost (£) |
|---------|------|-------------------------------|--------------|
| 1A.0023 | | | |
| 1A.0024 | | | |
| 1A.0025 | | | |
| 1A.0026 | | | |
| 1A.0027 | | | |
| 1A.0028 | | | |
| 1A.0029 | | | |
| 1A.0030 | | | |
| 1A.0031 | | | |
| 1A.0032 | | | |
| 1A.0033 | | | |
| 1A.0034 | | | |
| 1A.0035 | | | |
| 1A.0036 | | | |
| 1A.0037 | | | |
| 1A.0038 | | | |
| 1A.0039 | | | |
| 1A.0040 | | | |
| 1A.0041 | | | |

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| Role ID | Role | Supplier Personnel SFIA grade | Day Cost (£) |
|---------|------|-------------------------------|--------------|
| 1A.0042 | | | |
| 1A.0043 | | | |
| 1A.0044 | | | |
| 1A.0045 | | | |
| 1A.0046 | | | |
| 1A.0047 | | | |
| 1A.0048 | | | |
| 1A.0049 | | | |
| 1A.0050 | | | |
| 1A.0051 | | | |
| 1A.0052 | | | |
| 1A.0053 | | | |
| 1A.0054 | | | |
| 1A.0055 | | | |
| 1A.0056 | | | |
| 1A.0057 | | | |
| 1A.0058 | | | |

4 TABLE 4: GUARANTEED MAXIMUM PRICE WITH TARGET COSTS CHARGES

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| Charge Number | Target Cost (£) | Target Price (£) | Guaranteed Maximum Price (110% of Target Price) (£) |
|---|-----------------|------------------|---|
| Functional Solution Build, Test and Deployment (INT8) | | | |

5 **TABLE 5: FIXED PRICES**

| Charge | Fixed Charge (£) per annum | Fixed Charge (£) per Service Period |
|------------------------|----------------------------|-------------------------------------|
| Service Charge Year 2 | | |
| Service Charge Year 3 | | |
| Service Charge Year 4 | | |
| Service Charge Year 5 | | |
| Service Charge Year 6 | | |
| Service Charge Year 7 | | |
| Service Charge Year 8 | | |
| Service Charge Year 9 | | |
| Service Charge Year 10 | | |

6 **TABLE 6: FIRM PRICES**

| Charge | Firm Charge (£) | Firm Charge adjusted for Milestone Retention (£) |
|----------------------------|-----------------|--|
| Mobilisation and Discovery | | |

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| | | |
|--|--|--|
| Complete (INT1) | | |
| Implementation Environments Deployed (INT3) | | |
| High-Level Design Documentation (INT4) | | |
| Operational Environments Deployed (INT5) | | |
| IT Service Management Readiness (INT6) | | |
| Business Readiness and Private Beta (INT7) | | |
| Minimum Viable Service (MVS) Operational (ATP) | | |
| Early Life Support (ELS) Complete (CPP) | | |

7 TABLE 7: IMPROVEMENT PROJECTS MINIMUM SPEND

| Financial Year | Improvement Projects Minimum Spend |
|---|------------------------------------|
| From Achievement of the ATP Milestone Date to 31 st March 2026 (“FY25/26”) | £375,000. |
| 1 st April 2026 to 31 st March 2027 (“FY26/27”) | £500,000. |
| 1 st April 2027 to 31 st March 2028 (“FY27/28”) | £500,000. |
| 1 st April 2028 to 31 st March 2029 (“FY28/29”) | £500,000. |

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| | |
|---|-----------|
| 1 st April 2029 to 31 st January 2030 (the expiry of the Initial Term) (“ FY28/29 ”) | £420,000. |
|---|-----------|

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ANNEX 2: CHARGING MECHANISM AND ADJUSTMENTS

1 TABLE 1: MILESTONE PAYMENTS AND DELAY PAYMENTS

| Charge Number | Pricing Mechanism (FIX / FIRM / GMPTC / T&M) | CPP Milestone Charge Number | Delay Payments (if Key Milestone) (£ per day) |
|---|--|-----------------------------|---|
| Mobilisation and Discovery Complete (INT1) | FIRM | 1 | £0 |
| Unregistered Users Solution Discovery Complete (INT2) | T&M | 1 | £0 |
| Implementation Environments Deployed (INT3) | FIRM | 1 | £0 |
| High-Level Design Documentation (INT4) | FIRM | 1 | £0 |
| Operational Environments Deployed (INT5) | FIRM | 1 | £0 |
| IT Service Management Readiness (INT6) | FIRM | 1 | £0 |
| Business Readiness and Private Beta (INT7) | FIRM | 1 | £0 |
| Functional Solution Build, Test and Deployment (INT8) | GMPTC | 1 | £0 |
| Unregistered Users Solution Build, Test and Deployment (INT9) | T&M | 1 | £0 |
| User Research, Content Design and Interaction Design Complete (INT10) Interim Milestone | T&M | 1 | £0 |
| Minimum Viable Service (MVS) Operational (ATP) | FIRM | 1 | £2,000 |
| Early Life Support (ELS) Complete (CPP) | FIRM | 1 | £0 |

2 TABLE 2: SERVICE CHARGES

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| Charge Number | Pricing Mechanism (VOL / FIX / T&M) | Service Charge Trigger Event | Service Charge Expiration Trigger Event |
|--|--|---|--|
| Service Charge Year 2 | FIX | Achievement of ATP Milestone | End of Contract Year 2 |
| Service Charge Year 3 | FIX | Start of Contract Year 3 | End of Contract Year 3 |
| Service Charge Year 4 | FIX | Start of Contract Year 4 | End of Contract Year 4 |
| Service Charge Year 5 | FIX | Start of Contract Year 5 | End of Contract Year 5 |
| Service Charge Year 6 | FIX | Start of Contract Year 6 | End of Contract Year 6 |
| Service Charge Year 7 (Extension Period) | FIX | Start of Contract Year 7 | End of Contract Year 7 |
| Service Charge Year 8 (Extension Period) | FIX | Start of Contract Year 8 | End of Contract Year 8 |
| Service Charge Year 9 (Extension Period) | FIX | Start of Contract Year 9 | End of Contract Year 9 |
| Service Charge Year 10 (Extension Period) | FIX | Start of Contract Year 10 | End of Contract Year 10 |
| Telephone Operator costs Year 2 | T&M | Achievement of ATP Milestone | End of Contract Year 2 |
| Telephone Operator costs Year 3 | T&M | Start of Contract Year 3 | End of Contract Year 3 |
| Telephone Operator costs Year 4 | T&M | Start of Contract Year 4 | End of Contract Year 4 |
| Telephone Operator costs Year 5 | T&M | Start of Contract Year 5 | End of Contract Year 5 |
| Telephone Operator costs Year 6 | T&M | Start of Contract Year 6 | End of Contract Year 6 |
| Telephone Operator costs Year 7 (Extension Period) | T&M | Start of Contract Year 7 | End of Contract Year 7 |

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| Charge Number | Pricing Mechanism (VOL / FIX / T&M) | Service Charge Trigger Event | Service Charge Expiration Trigger Event |
|---|-------------------------------------|------------------------------|---|
| Telephone Operator costs Year 8 (Extension Period) | T&M | Start of Contract Year 8 | End of Contract Year 8 |
| Telephone Operator costs Year 9 (Extension Period) | T&M | Start of Contract Year 9 | End of Contract Year 9 |
| Telephone Operator costs Year 10 (Extension Period) | T&M | Start of Contract Year 10 | End of Contract Year 10 |

3 TABLE 3: PRICE BREAKS

| Price Break | Day rate discount |
|------------------------|-------------------|
| £0 to £125,000 | |
| £125,000 to £250,000 | |
| £250,000 to £375,000 | |
| £375,000 to £500,000 | |
| £500,000 to £625,000 | |
| £625,000 to £750,000 | |
| £750,000 to £875,000 | |
| £875,000 to £1,000,000 | |
| Above £1,000,000 | |

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ANNEX 3: PRO-FORMA CERTIFICATE OF COSTS

I [*name of CFO or Director of Finance or equivalent as agreed in advance in writing with the Authority*] of [*insert name of Supplier*], certify that the financial information provided as part of this Certificate of Costs, incurred in relation to the [*insert name/reference for the Contract*] (the “**Contract**”) in relation to the following [Milestone]:

[*Insert details of Milestone*]

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

Signed [*Director of Finance or equivalent*]

[*Name of Supplier*]

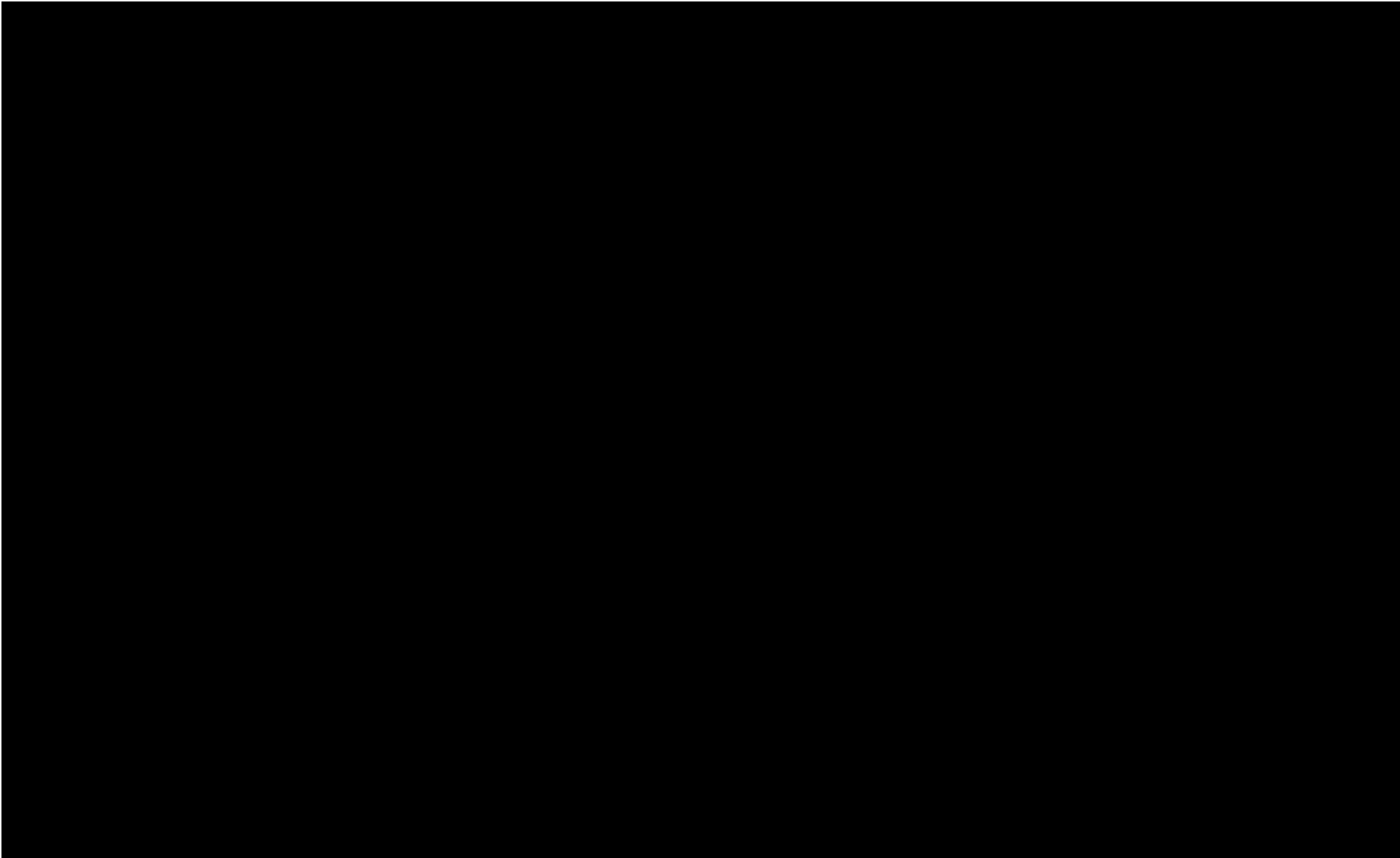
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ANNEX 4: RISK REGISTER

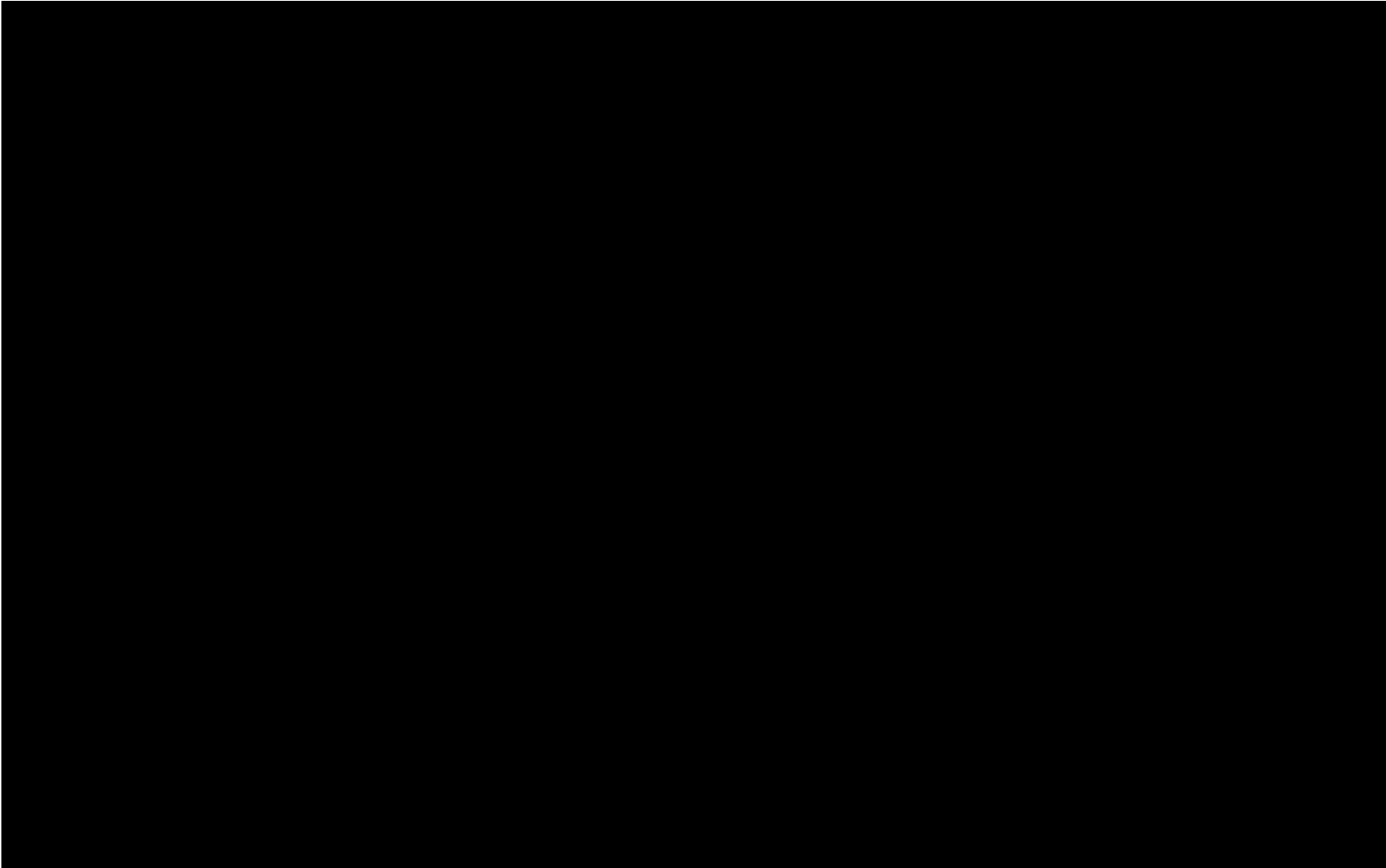
As set out in NFWS Schedule 19 Financial Reports and Audit Rights Appendix 1 Contract Inception Report.

ANNEX 5: ALLOWABLE ASSUMPTIONS



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