**Clarification Question 494 - Response**

TUPE Risk Premium is used to cover the additional cost associated with the risk of employees transferring on terms which are protected by Employment Regulations.

This value is used to form the monthly TUPE Risk Premium as per the calculation in Call Off Schedule 6A.

**Fixed Fee TUPE Risk Premium**

At Further Competition, the Buyer will provide TUPE information as part of the Invitation to Tender documents.

Upon receipt of this, the Bidder will be required to enter into the Call Off Pricing Matrix the annual monetary value that they feel is appropriate to be applied to the Total Deliverables value.

No further changes shall be permitted to this value post award.

For example –

|  |  |
| --- | --- |
| Table [xx] Call Off Pricing Matrix | |
| Fixed Fee TUPE Risk Premium | £120, 000 |

Fixed Fee TUPE Risk Premium = £120,000

In this example the Monthly TUPE Risk Premium would be £10,000 (£120,000 / 12 = £10,000)

**Further Competition TUPE Risk Premium**

At Further Competition, the Buyer will provide TUPE information as part of the Invitation to Tender documents.

Upon receipt of this, the Bidder will be required to enter into the Call Off Pricing Matrix the annual monetary value that they feel is appropriate to be applied to the Total Deliverables value.

Post award there will be an opportunity for the Successful Supplier to request a TUPE Risk Premium Adjustment for the Buyer to consider as per the process in paragraph 1 of Call Off Schedule 6A

Upon completion of this process, the agreed Further Competition TUPE Risk Premium cost is used to form the monthly payment as per the process in Call Off Schedule 6A

If the successful Supplier does not request an adjustment, the price submitted as part of the Further Competition is used to form the monthly payment as per the process in Call Off Schedule 6A

For example –

|  |  |
| --- | --- |
| Table [xx] Call Off Pricing Matrix | |
| Further Competition TUPE Risk Premium | £100, 000 |

Post Award Adjustment the Supplier provides an updated calculation of £120,000 (along with evidence of the inaccuracies) which is agreed by the Buyer

In this example the Monthly TUPE Risk Premium would be £10,000 (£120,000 / 12 = £10,000)

On agreement of the Further Competition TUPE Risk Premium the **TUPE Risk Premium Average** is formed using the following calculations

*Further Competition TUPE Risk Premium / Lower of, Labour Count or TUPE count*

Labour Count – means the total number of Transferring Former Supplier Employees and/or Transferring Employer Employees identified in the Suppliers solution;

TUPE Count – means the total number of Transferring Former Supplier Employees and/or Transferring Employer Employees identified in the TUPE Information;

In this example the Labour Count is 50 and the TUPE count is 25 and therefore the TUPE Count would be used.

£120,000 / 25 = £4,800 (This is the cost associated with each individual in the TUPE count per year)

Therefore, as described in paragraph 1.3 of Call Off Schedule 6A, if 10 people from the TUPE count cease to be employed on the Contract anniversary £48,000 is removed from the Further Competition TUPE Risk Premium and forms an adjusted value of £72,000

The updated Monthly TUPE Risk Premium would be £6,000

*Please note, as per paragraph 1, Call Off Schedule 6A, if an employee ceases to be employed part way through the year the TUPE Risk Premium Average allocated to that individual would be deducted on a pro-rata basis.*