

SCHEDULE 3: CONTRACT CHARGES, DELAY PAYMENTS AND PAYMENT AND INVOICING

1. INTRODUCTION

1.1 This schedule 3 sets out the following:

- 1.1.1 Part A: the Contract Charges for the provision of the Services, including Gainshare, changes to the Charges and annual review;
- 1.1.2 Part B: Delay Payments that may arise from failure to meet Implementation Milestones in the Implementation Plan and/or Transformation Milestones in the Transformation Plan;
- 1.1.3 Part C: payment terms and invoicing procedures for the Contract Charges; and
- 1.1.4 Part D: the Termination Payments that may apply on certain events of termination.

Part A: Contract Charges

1. PURPOSE

1.1 The purpose of part A of this schedule 3 is to set out details of the charging mechanism for the Services, including:

- 1.1.1 the mechanism to calculate the Contract Charges for the Services during "business as usual" (ie: following Implementation);
- 1.1.2 the mechanism to calculate the Contract Charges for Major Changes and Projects;
- 1.1.3 the application of Service Credits to the Contract Charges; and
- 1.1.4 how the Contract Charges will be reviewed and updated from time to time.

1.2 The Supplier shall not be entitled to any additional charges or payments (other than as stated in this Contract) in respect of:

- 1.2.1 account management, including (but not restricted to) attendance at meetings; invoicing; and provision of Management Information and reporting as required under this Contract;
- 1.2.2 indexation or inflation during the Contract Period;
- 1.2.3 changes made to the provision of the Services pursuant to the Operational Change Protocol, other than may arise from increased volume;
- 1.2.4 production of quotations or estimates;
- 1.2.5 management of the Variation Procedure;
- 1.2.6 operation of the Post Room;
- 1.2.7 any change of postal provider;

- 1.2.8 any changes to the postal provider (including Royal Mail) or to the postal provider's (or Royal Mail's) requirements;
- 1.2.9 hand finishing or hand enclosing;
- 1.2.10 manual handling;
- 1.2.11 overtime or downtime in providing the Services;
- 1.2.12 meeting the requirements of schedule 9 (*Business Continuity and Disaster Recovery*);
- 1.2.13 meeting the Authority's security requirements (physical and data) as more particularly outlined in schedule 8 (*Security*);
- 1.2.14 costs associated with the completion of this Contract and complying with the obligations set out in schedule 10 (*Exit*);
- 1.2.15 obtaining, renewing and complying with accreditations required under this Contract;
- 1.2.16 compliance with the "closed loop" recycling requirements (as stated in schedule 2 (*Services*));
- 1.2.17 storage and control of stock (including substrate and pre-printed inserts);
- 1.2.18 completion of Implementation and Achievement of associated Implementation Milestones and/or Transformation Milestones and the Testing associated therewith;
- 1.2.19 sending files to the document repository store;
- 1.2.20 administration and maintenance of all operational changes and variations to the Contract; or
- 1.2.21 access and/or availability of any Supplier provided MI system or tools to access reports or other information.

1.3 All Charges are expressed in pounds sterling and are exclusive of VAT.

2. OPERATIONAL SERVICE CHARGES

- 2.1 The Contract Charges for provision of the Services shall be those in the Resource Unit Price List set out in Table 1 at appendix 2 of this schedule 3 as adjusted or amended in accordance with the provisions of this schedule 3.
- 2.2 The Authority and the Supplier will agree and each retain an updated Resource Unit price list following any changes to such price list agreed in accordance with this schedule 3.
- 2.3 The Contract Charges shall be payable in arrears, invoiced at the end of each SMP (as set out at appendix 1 of this schedule 3) in accordance with part C of this schedule 3, and based on the method of calculation for each element of the Services set out in paragraphs 2.4 and 2.5 below.

- 2.4 Where an element of the Contract Charge are calculated by reference to a Resource Unit, which is not subject to separate charges for base volumes and additional volumes (being any Resource Units that are not listed in Table 3 of appendix 2 of this schedule 3) that element of the Contract Charges shall be calculated in accordance with the following formula:

Charge = total Resource Unit Volumes consumed in the SMP x Resource Unit Price

where:

- (i) volumes consumed are in thousands; and
- (ii) Resource Unit Prices are per thousand rounded to the nearest whole pound (except for Man Days which are charged per day).

- 2.5 For Resource Units subject to separate charges for base volumes and additional volumes (being those Resource Units listed in Table 3 of appendix 2 of this schedule 3 (etc)), the Charge shall be calculated in accordance with the following formula:

Contract Charge = (A x Base Volume Resource Unit Price) + (B x Additional Volume Resource Unit Price)

where:

- (i) A is the lower of the Maximum Base Volume and the Resource Unit volumes actually consumed in the SMP;
- (ii) B is the difference between the Resource Unit volumes actually consumed and the Maximum Base Volume (or zero if A is less than or equal to the Maximum Base Volume);
- (iii) in each case volumes are in thousands and Resource Unit Prices are per thousand and charges are rounded to the nearest whole pound;
- (iv) the Maximum Base Volume is the appropriate volume from Table 3 of appendix 2 of this schedule 3.

By way of example, if the Maximum Base Volume for a Resource Unit is 100 then: if the actual SMP volume is 83, the Contract Charge will be:

83 x Base Volume Resource Unit Price + 0 x Additional Volume Resource Unit Price [as 83 is less than 100] if the actual SMP volume is 157, the charge will be: 100 [Maximum Base Volume] x Base Volume Resource Unit Price + 57 [157-100] x Additional Volume Resource Unit Price

- 2.6 Where an element of the Contract Charges is not calculated directly by reference to a Resource Unit (for example a Charge relating to a Project) the price to be used will be that which has been agreed in advance with the Authority in accordance with paragraph 4.
- 2.7 The Parties have not agreed any minimum or maximum volumes for the Resource Units associated with this Contract and accordingly the Supplier shall not be entitled to vary the Resource Unit Prices due to any variation in anticipated or actual volumes throughout delivery of the Services.

- 2.8 No Contract Charge that does not relate to consumption of an existing Resource Unit will be reimbursed unless the Authority has agreed in advance to the relevant Contract Charge.
- 2.9 The Contract Charges shall constitute full consideration for the provision of the Services and are fully inclusive of all costs and expenses incurred in the Supplier's performance of the Services.
- 2.10 The Parties agree that the Supplier shall not be entitled to invoice or receive payment from the Authority and the Authority shall not be obliged to pay the Supplier for Contract Charges relating to the same output twice during the Contract Period. For the avoidance of doubt, this includes, but is not limited to, the situation where the Supplier incurs a Service Failure on a certain print run and repeats the print run in accordance with the rectification requirements set out in schedule 6 (*Service Levels, Service Credits, KPIs and Performance Monitoring*). In such a situation, the Supplier would only be entitled to one instance of the print run or applicable provision of the Services and not for the rectified performance.
- 2.11 Should any Major Changes permanently alter the mix of Resource Units (for example a project to convert products from simplex to duplex printing) then the Authority and the Supplier may jointly agree to amend some or all of the base volumes to better reflect the new mix of Resource Units. The total number of impressions (printed sides) represented by the base volume will not be changed, so in the example above, every increase of one in the duplex base volume will be offset by a reduction of two in the simplex base volume (as a duplex print is two impressions and a simplex print is one).

3. SERVICE CREDITS

- 3.1 The basis for the accrual and calculation of Service Credits is provided for in schedule 6 (*Service Levels, Service Credits, KPIs and Performance Monitoring*).
- 3.2 Service Credits shall be shown as credit notes against the Contract Charges in accordance with clause 12.6.
- 3.3 The Supplier shall advise the Authority of any events or circumstances which give rise to Service Level Failures and shall do so as soon as reasonably practicable after becoming aware of any Service Level Failures and, in any event, shall detail the circumstances it believes give rise to such Service Level Failures within the management information report for that month. The application of Service Credits or any assertion of the Supplier for excused performance pursuant to clause 40 (*Supplier Relief due to Authority Cause*) shall be set out in the management information report to be received prior to the submission of the Supplier's invoice for that month. Service Credits will be administered and credited by the Supplier on a monthly basis by way of adjustment to the monthly Contract Charges payable by the Authority under this schedule 3.

4. NEW PRODUCTS, CHANGES AND PROJECTS

- 4.1 New Products, Changes and/or Projects will be introduced into this Contract and assimilated into the overall provision of the Services by the Supplier in accordance with clause 22 (*Change*) of this Contract and this paragraph 4, it being acknowledged and agreed that the Supplier may be required to provide an Impact Assessment prior to implementing the relevant New Product, Change and/or Project.

4.2 New Products

- 4.2.1 Where New Products are developed and it is agreed by both parties (via an Impact Assessment or otherwise) that existing Resource Units (and associated Contract Charges) are not appropriate, new Resource Units (and associated pricing) may be added in accordance with this paragraph 4.2.1 ("**New Resource Units**").
- 4.2.2 New Resource Units must be designed so they are capable of being a Benchmarked Service.
- 4.2.3 The Contract Charge for a New Resource Unit will be subject to Authority approval, for the purpose of which:
 - 4.2.3.1 the Supplier must produce an auditable cost model for the New Product which must be capable of reconciliation to the Open Book Data and must demonstrate that the Supplier is not achieving a profit margin on the incremental business that is higher than 10%;
 - 4.2.3.2 the Supplier must be able to demonstrate that the Contract Charge of the New Resource Unit is consistent and comparable with any similar existing Resource Units; and
 - 4.2.3.3 the Authority reserves the right to require the Supplier to further review the Contract Charge for the New Resource Unit should either of the obligations in paragraph 4.2.3.1 or 4.2.3.2 above not be met to the satisfaction of the Authority.
- 4.2.4 New Resource Units will be added to appendix 2 and will become subject to the same price reviews and reductions as existing Resource Units as set out in part A of this schedule 3.
- 4.2.5 For any New Resource Units where the Authority has consumed volume but a Contract Charge has yet to be agreed (for example if the Authority is awaiting the results of a Benchmark Review), the Authority and the Supplier will agree an interim Contract Charge and once the final Contract Charge is agreed, the Supplier will issue an invoice or credit note for the difference between the amounts paid at the interim Contract Charge and the amounts that would have been paid at the agreed Contract Charge.

4.3 Changes

- 4.3.1 The Supplier shall not be entitled to amend the Resource Unit Prices or other Contract Charges except as a result of a proposed Change which is agreed with the Authority in accordance with clause 22 (*Change*).
- 4.3.2 Where either party proposes a Change to the provision of the Services (that does not constitute a New Product or a Project) the parties shall comply with the procedures set out in clause 22.3 (*Operational Change Protocol*) and this paragraph 4.3.2.
- 4.3.3 Any Contract Charges in excess of the amount quoted by the Supplier (in an Impact Assessment or otherwise) will only be payable by the Authority where

they have been approved by the Authority in writing before the work is carried out.

4.3.4 Major Changes will be chargeable based on the number of Man Days consumed multiplied by the Resource Unit Price for Man Days.

4.3.5 Any Change requiring more than ten (10) Man Days of work shall be a Project.

4.4 Projects

4.4.1 Where the Authority requests the Supplier to perform a Project or quote for a Project the parties shall comply with clause 8.9 (*Projects and Services*) and this paragraph 4.4.

4.4.2 Contract Charges for Projects shall be payable on the basis of the charging mechanism set out in the relevant Project Work Order agreed between the Parties.

4.4.3 Man Day rates for Project work will not exceed the Man Day Resource Unit Price, and may be lower than the Man Day Resource Unit Price if a discount is agreed for the Project.

4.4.4 No management charges shall be added to Projects.

4.4.5 The Supplier must indicate the expected profit margin for a Project, which must be less than or equal to 10%.

4.4.6 Where Project Work Orders specify Contract Charges for time and/or Materials (each "Time Charges" or "Materials Charges" and together "Time and Materials Charges"), such Time and Materials Charges shall be calculated in each SMP as the aggregate of Man Day Resource Units consumed in delivering the relevant Project in that SMP and other Contract Charges as agreed with the Authority.

4.4.7 The Contract Charges for Man Day Resource Units consumed on a Project shall be calculated by reference to:

4.4.7.1 the number of Man Days utilised in that SMP;

4.4.7.2 the Man Day Resource Unit Price set out in appendix 2 of this schedule 3; and

4.4.7.3 negotiated price discounts for the individual Project.

4.4.8 The Man Day Resource Unit Price is inclusive of all travel, accommodation, subsistence and staff direct expenses and no additional expenses will be payable by the Authority. Overtime working will not attract a premium and non-productive down time is not chargeable.

4.4.9 Materials Charges including any third party charges, but excluding staff direct expenses will be chargeable as incurred and subject to a mark-up resulting in a profit margin that must not exceed 10%. The Authority reserves the right to request evidence of all such costs incurred in accordance with clause 21 (*Records, Audit Access and Open Book Data*) of this Contract.

- 4.4.10 No finance charges, provisions for risks or contingencies, or any other uplifts shall apply to the provision of Services applicable to a Project.
- 4.4.11 The Supplier shall maintain full and accurate records of the time spent by the Supplier Personnel in providing the Services applicable to a Project and shall provide such records to the Authority with each relevant invoice submitted in accordance with part C of this schedule 3.
- 4.4.12 Additionally, the Supplier shall provide Open Book Data in accordance with clause 21 (*Records, Audit Access and Open Book Data*), including, but not limited to, analysis of the expected profit margin for all quotations and the actual profit margin achieved on all Projects. The expected profit margin must not exceed 10%.
- 4.4.13 In the event that the actual profit margin on a Project is higher than 10%, the Supplier will issue a credit note to the Authority for the difference between the amount charged and the amount which would have been charged at a profit margin of 10%.
- 4.4.14 Where the Supplier procures goods or services from third parties, these will be subject to a maximum profit margin of 10% following mark up. The Authority will have the right to review invoice evidence of all third party costs incurred by the Supplier in its performance of the Services.

5. MANAGEMENT CHARGES

- 5.1 Any supplier management charges are deemed to be included within the Resource Unit Prices and shall not be billed separately.
- 5.2 No additional management, overhead or financing charges, profit or any other uplift or mark-up shall be added to any to any Resource Unit Prices.

6. CHANGES TO THE CONTRACT CHARGES

- 6.1 The Contract Charges may only be amended in accordance with the following:
 - 6.1.1 on the anniversary of the Commencement Date as result of:
 - 6.1.1.1 a verification by the Authority (or its Auditors) of the Open Book Data;
 - 6.1.1.2 a Benchmarking Review; and
 - 6.1.1.3 the agreed minimum annual Resource Unit Price reductions as set out in paragraph 9 below;
 - 6.1.2 quarterly by the Substrate Pricing Review;
 - 6.1.3 on an ad hoc basis as a result of:
 - 6.1.3.1 Gainshare Initiatives;
 - 6.1.3.2 the adoption of New Products and/or New Resource Units; and

6.1.3.3 any other reason agreed by the Supplier and the Authority.

7. CONTRACT CHARGES BEYOND THE INITIAL PERIOD

7.1 If the Authority exercises its option to extend the Contract Period pursuant to clause 5 (*Contract Period*), the Parties shall discuss in good faith (and agree in accordance with clause 22 (*Change*)) any changes required to the Contract Charges in order to reflect the impact (if any) of the extension upon those Contract Charges, provided that in considering such changes:

7.1.1 the Resource Unit Price List at the time shall be used as the starting point for discussions between the Parties together with such supporting information as the Authority may reasonably require from the Supplier to support such consideration;

7.1.2 the requirement to deliver minimum Contract Year on Contract Year cost reductions for each Resource Unit in accordance with paragraph 9 below continues to be met for the duration of this Contract, including any Extension Period(s);

7.1.3 any Changes to the Contract Charges shall be calculated by reference to the Open Book Data and any other relevant factors that legitimately impact the cost of provision of the Services following the Initial Period, including (but not limited to) any set up, transition and asset costs already recovered during the Initial Period and the impact of any technology refresh that may be required. Any such review shall be conducted in accordance with International Financial Reporting Standard (IFRS) principles; and

7.1.4 the forecast supplier profit margin for any Extension Period shall not exceed 10%.

8. INDEXATION

No indexation will apply to the Resource Unit Prices, Man Day Resource Unit Prices or any other Contract Charges set out in this schedule 3.

9. ANNUAL REVIEW OF RESOURCE UNIT PRICES

9.1 Resource Unit Prices will be reviewed annually on the anniversary of the Commencement Date at the annual review meeting, with the exception of Substrate Prices which shall be reviewed in accordance with paragraph 11 below.

9.2 All Resource Unit Prices (including those added during the Contract Period, but excluding Resource Units for paper) will be individually subject to minimum Contract Year on Contract Year reductions as below:

9.2.1 on the first anniversary of the Commencement Date, a minimum reduction of 5%;

9.2.2 on the second anniversary of the Commencement Date, a minimum reduction of 5%; and

9.2.3 on each and every subsequent anniversary (including those relating to any Extension Period(s), a minimum reduction of 3%.

- 9.3 Reductions for each Resource Unit Prices are based on those charged in the final SMP of the previous Contract Year.
- 9.4 Reductions will be applied from 00.01 on the first day after the anniversary of the Commencement Date. If this is retrospective, the Supplier will provide a credit note for the difference between Contract Charges actually invoiced since the anniversary and those that would have been charged using the revised Resource Unit Prices.
- 9.5 In addition, Resource Unit prices may be reduced as a result of:
- 9.5.1 the Annual Benchmarking Review;
 - 9.5.2 the Substrate Pricing Reviews;
 - 9.5.3 the outcome of Gainshare Initiatives; and
 - 9.5.4 the Authority requiring a reduction following an Open Book Review.
- 9.6 For the avoidance of doubt, the price reductions listed in paragraph 9.5 above will be in addition to and not count towards the minimum reductions detailed in paragraph 9.2.
- 9.7 Substrate Prices will be subject to separate review in accordance with paragraph 11 below.
- 10. GAINSHARE**
- 10.1 The Authority and the Supplier will work together to investigate, identify and implement cost saving opportunities in accordance with clause 17 (*Continuous Improvement*). Opportunities proposed by the Supplier may be eligible for Gainshare Payments, subject to the terms of this paragraph 10.
- 10.2 To be eligible for a Gainshare Payment a Gainshare Initiative must:
- 10.2.1 be proposed by the Supplier;
 - 10.2.2 have a high level of involvement by the Supplier when delivered;
 - 10.2.3 generate tangible, measurable savings for the Authority; and
 - 10.2.4 be approved in advance by the Authority and subsequently implemented.
- 10.3 The Authority will review proposed initiatives and decide whether or not to grant approval for them as soon as is reasonably possible.
- 10.4 The Authority shall have sole discretion on whether or not an initiative will be implemented and recognised as a Gainshare Initiative.
- 10.5 The Supplier shall provide the Authority with a fully documented business case (in a format agreed with the Authority) to support the request for approval of the Supplier's proposed Gainshare Initiative, similar in form to an Impact Assessment and subject to the remainder of this paragraph 10, any approved Gainshare Initiative will be implemented in accordance with clause 22 (*Change*).
- 10.6 Any saving on the overall Contract Charges shall only be claimed by one (1) Gainshare Initiative. Savings may be apportioned between different Gainshare Initiatives, in which case

- the Supplier must provide a reconciliation between total recognised savings and the amount apportioned to each Gainshare Initiative.
- 10.7 Savings will be calculated in comparison to the cost that would have been incurred should the Gainshare Initiative not have been implemented. This may include costs incurred by the Authority that are not within the scope of this Contract (for example postal costs).
 - 10.8 The Supplier must provide to the Authority evidenced justification of costs savings for which Gainshare Payment is claimed. These must be agreed by the Authority prior to payment being made.
 - 10.9 The following will not be considered for Gainshare Payments:
 - 10.9.1 any Change that was a requirement of the original Invitation to Tender for this Contract;
 - 10.9.2 suggestions by the Supplier when discussing Authority implemented Changes in the course of "Business as Usual";
 - 10.9.3 delivery of Major Change or Projects for a cost that is below the original quotation;
 - 10.9.4 any financial savings that cannot be accurately or reliably quantified;
 - 10.9.5 new Products requested by the Authority; and
 - 10.9.6 ad hoc services under this Contract, but procured via a Special Services Request or a Consultancy Services Request and subject to a separate purchase order.
 - 10.10 Gainshare Payments will be recognised in arrears on a quarterly basis.
 - 10.11 Gainshare Payments relating to qualifying Gainshare Initiatives will be recognised on the basis of 20% of savings being to the benefit of the Supplier and 80% of the savings being to the benefit of the Authority.
 - 10.12 Where a Gainshare Initiative reduces the Supplier's costs in delivering the Services:
 - 10.12.1 the Resource Unit Price to the Authority will not be affected for the first twelve (12) SMPs from the date when the initiative first impacts costs ("**the Initial Gainshare Period**");
 - 10.12.2 for each quarter in, or partially in, the Initial Gainshare Period, following the Quarterly Review meeting at the end of that quarter, when the savings relating to the Gainshare Initiative are agreed, the Supplier will immediately remit 80% of the savings (including Supplier overheads and Profit Margin) in that quarter to the Authority, being the Authority's share of these savings; and
 - 10.12.3 after the Initial Gainshare Period, the Resource Unit Price will be reduced by an amount equivalent to the cost reduction delivered by the Gainshare Initiative plus profit margin.

- 10.13 Where a Gainshare Initiative reduces costs which are not incurred by the Supplier (for example postage costs):
- 10.13.1 Gainshare Initiative savings will be due for the Initial Gainshare Period; and
 - 10.13.2 for each quarter in, or partially in, the Initial Gainshare Period, following the Quarterly Review meeting at the end of that quarter, when these savings relating to the Gainshare Initiative are agreed, the Supplier will immediately invoice the Authority for 20% of the agreed savings, being the Supplier's share of these savings.
- 10.14 For Gainshare Initiatives which affect both costs incurred by the Supplier and costs not incurred by the Supplier, the Authority and the Supplier will agree the net position, and:
- 10.14.1 if the amounts due for the Authority to the Supplier exceed the amounts due from the Supplier to the Authority, the Supplier will immediately invoice the Authority for the next amount; otherwise
 - 10.14.2 the Supplier will immediately remit the net amount to the Authority.
- 10.15 For the purpose of paragraphs 10.12 to 10.14 above, each Gainshare Initiative shall be considered separately, subject to the restrictions on double counting of benefits in paragraph 10.6.
- 10.16 No Gainshare Payments will be due for any Gainshare Initiatives implemented that did not have prior approval from the Authority.
- 10.17 A maximum of £500,000 (five hundred thousand pounds) of Gainshare Payments will be paid to the Supplier in each Contract Year. No amount of Gainshare Payments will be carried forward into future Contract Years or backwards into prior Contract Years.
- 10.18 Any Gainshare Initiative that is proposed by the Supplier, and considered feasible by both parties but not approved by the Authority shall be agreed by both parties as a "missed opportunity".
- 10.19 Any Gainshare Initiative that was not implemented due to unreasonable delay in approval on the part of the Authority will also be counted as a "missed opportunity".
- 10.20 Missed opportunities will be recorded and discussed at the Annual Review meeting.

11. SUBSTRATE PRICING

- 11.1 Substrate Prices will be reviewed by the Parties quarterly.
- 11.2 The Supplier will be required to provide (within ten (10) Working Days of the end of the quarter) evidenced analysis of actual prices paid for substrates in the quarter including details of any rebates received or a rebate due to the Supplier for such period.
- 11.3 For each substrate, an average Resource Unit Price for the quarter will be calculated ("**Current Average Substrate Price**"). This will be compared to the average Resource Unit Price for that substrate for the quarter prior to the quarter under review, or, in the case of the first quarterly review, the Resource Unit Price from the Supplier's bid ("**Previous Average Substrate Price**").

- 11.4 For each individual substrate:
- 11.4.1 if the Current Average Substrate Price is within 4% of the Previous Average Substrate Price, there shall be no change to the corresponding Resource Unit Price;
 - 11.4.2 if the Current Average Substrate Price is more than 4% different to the Previous Average Price, then the corresponding Resource Unit Price will be amended (up or down) by the excess change over and above a 4% movement in either direction. Changes will be subject to validation against commercial indices, as detailed in paragraphs 11.6 to 11.8 below.
- 11.5 By way of example, assuming the Previous Average Substrate Price is 100 and that no increases are adjusted following reference to commercial indices:
- 11.5.1 if the Current Average Substrate Price is 103.9, the Resource Unit Price will remain unchanged;
 - 11.5.2 if the Current Average Substrate Price is 105.3, the Resource Unit Price will be subject to an increase of 1.3% (being the excess of a 5.3% increase above 4%);
 - 11.5.3 if the Current Average Substrate Price is 94.9, the Resource Unit Price will be subject to a decrease of 1.1% (being the excess of a 5.1% decrease above 4%).
- 11.6 The Supplier will review these movements against substrate pricing indices and notify the Authority as appropriate. Any increases that exceed the movement in the commercial index will be capped at the level of increase in the index. Any decreases that are less than a decrease in the index will be substituted by the decrease in the index.
- 11.7 By way of example:
- 11.7.1 if the index has increased by 5% and the Supplier forecast prices are 6% higher than the previous quarter actuals, the corresponding Resource Unit Price will be increased by 1% (being the excess of the increase in the index above 4%); and
 - 11.7.2 if the index has decreased by 4.5% and the Supplier forecast prices are 3.5% lower than the previous quarter actuals, the corresponding Resource Unit Price will be decreased by 0.5% (being the excess of the decrease in the index below 4%).
- 11.8 The index that will be used will be RISI Index (www.risiinfo.com) for paper products from the Commencement Date for the purposes of paragraph 11.6 above. Additional indices may be added to this list with the agreement of both Parties.
- 11.9 If, following the review, any Substrate Price represents a profit margin of more than 10%, a further reduction will be applied to reduce the profit margin to 10%.
- 11.10 The Authority will have the option to appoint an independent third party to undertake an audit of any Substrate Pricing Review, and, if required, a review of the Substrate Prices paid by the Supplier in comparison with market indices. The result of any such audit will be communicated to both the Supplier and the Authority. The costs of the audit will be met by the Supplier up to a maximum of £25,000, any excess over this maximum being settled by the Authority. In the event of any unresolved dispute, the results of this audit will be binding on both parties.

11.11 As soon as the amended Substrate Prices are agreed, the Supplier will immediately issue a credit note or additional invoice in respect of the price difference(s) on the amounts invoiced in the quarter, and on any amounts already invoiced after the end of the quarter.

11.12 The Resource Unit Pricing List will be amended to include the amended Substrate Prices, which will apply until the next quarterly review.

12. PROFIT MARGIN

12.1 The overall profit margin on this Contract, excluding any Gainshare Payments and calculated in accordance with the result of any Open Book Review and IFRS accounting standards must not exceed 10% in any Contract Year (including any Extension Period(s)).

12.2 The Supplier must provide details of any of the following to the Authority if they have been used in calculating the overall profit margin referred to at paragraph 12.1:

12.2.1 accruals and prepayments;

12.2.2 provision movements;

12.2.3 any overhead and management allocations from the wider Supplier organisation;

12.2.4 risk provisions;

12.2.5 taxation calculations including deferred taxation;

12.2.6 stock movements; and

12.2.7 prior Contract Year adjustments pursuant to this schedule 3.

12.3 The Authority reserves the right to request and the Supplier agrees to supply any reasonable evidence that may be required to substantiate any element of the Open Book Review calculation.

12.4 If the Supplier's profit margin in any Contract Year exceeds 10%, the Supplier will issue a credit note equal to the excess profit above a 10% margin to the Authority within one (1) SMP of the Open Book Review calculation being carried out in accordance with paragraph 12.1.

12.5 Each Contract Year the Supplier shall complete and provide to the Authority a profit margin statement in the form set out in appendix 3.

Part B: Delay Payments

1. BACKGROUND: IMPLEMENTATION

1.1 In accordance with clause 7 (*Implementation Plan*) and schedule 4 (*Implementation Plan And Transformation Plan*) the parties will agree an Implementation Plan for the transition of the Services. Such Implementation Plan will include Implementation Milestones which the Supplier has committed to Achieve by the relevant Implementation Milestone Date. The Supplier and the Authority have agreed that the failure of the Supplier to Achieve certain Implementation Milestones by their applicable Implementation Milestone Date will attract Delay Payments. These Implementation Milestones will be agreed as part of concluding the Implementation Plan.

- 1.2 Delay Payments will accrue against relevant Implementation Milestones following the end of an agreed Grace Period after the relevant Implementation Milestone Date (as set out in clause 7.5 for Implementation).
- 1.3 For the avoidance of doubt, if the Supplier accrues Delay Payments for failure to Achieve a Implementation Milestone by its Implementation Milestone Date (and subject to any applicable Grace Period) but nonetheless still achieves the Completion Implementation Milestone, no Delay Payments shall be payable by the Supplier. Delay Payments shall only become payable (being the cumulative total of all Delay Payments accrued) if the Supplier fails to Achieve the Completion Implementation Milestone.
- 1.4 Grace Periods will not apply to any Implementation Milestone occurring during the final two (2) months of the Implementation Plan.
- 1.5 The total amount of all Delay Payments payable by the Supplier to the Authority during the Contract Period (including those associated with both Implementation Milestones and Transformation Milestones) shall be limited to £500,000.
- 1.6 Delay Payments for Implementation Milestones shall accrue according to paragraph 2 below.

2. DELAY PAYMENTS FOR IMPLEMENTATION MILESTONES

- 2.1 The following Delay Payments shall apply to the Implementation Milestones associated with Implementation:

Implementation Milestone	Delay Payment Calculation	Accrual Date
Implementation Milestones (to which a Delay Payment applies)	£15,000 x A where: A = the period of Delay in Achievement of the Implementation Milestone expressed in calendar days from Accrual Date (see opposite)	From relevant Implementation Milestone Date (plus any applicable Grace Period)

- 2.2 Any Delay Payment due and payable pursuant to paragraph 1.3 shall be presented to the Authority as a credit note by the end of the SMP in which the Completion Implementation Milestone was actually Achieved.

3. BACKGROUND

- 3.1 In accordance with clause 9 (*Transformation*) and schedule 4 (*Implementation Plan and Transformation Plan*) the parties will agree a Transformation Plan for the transformation of the Services. Such Transformation Plan will include Transformation Milestones which the Supplier has committed to Achieve by the relevant Transformation Milestone Date(s). The Supplier and the Authority have agreed that the failure of the Supplier to Achieve certain Transformation Milestones by their applicable Transformation Milestone Date will attract Transformation Delay Payments. These Transformation Milestones will be agreed as part of concluding the Transformation Plan.

- 3.2 Transformation Delay Payments will accrue against relevant Transformation Milestones following the end of an agreed Grace Period after the relevant Transformation Milestone Date (as set out in clause 9.5).
- 3.3 For the avoidance of doubt, if the Supplier accrues Transformation Delay Payments for failure to Achieve a Transformation Milestone by its Transformation Milestone Date (and subject to any applicable Grace Period) but nonetheless still achieves the Completion Transformation Milestone, no Transformation Delay Payments shall be payable by the Supplier. Transformation Delay Payments shall only become payable (being the cumulative total of all Transformation Delay Payments accrued) if the Supplier fails to Achieve the Completion Transformation Milestone.
- 3.4 Grace Periods will not apply to any Transformation Milestone occurring during the final two (2) months of the Transformation Plan.
- 3.5 Transformation Delay Payments for Transformation Milestones shall accrue according to paragraph 5 below.

4. EXAMPLE

Where Achievement of Implementation Milestone 1 has a Implementation Milestone Date of 1 January and there is an applicable Grace Period of 30 days, but Implementation Milestone 1 is not Achieved until 3 February then the Delay Payment would be £15,000 x 3 which equals £45,000.

5. DELAY PAYMENTS FOR TRANSFORMATION MILESTONES

- 5.1 The following Delay Payments shall apply to the Transformation Milestones:

Transformation Milestone	Delay Payment Calculation	Accrual Date
Transformation Milestones (to which a Delay Payment applies)	<p>Missed Calculated Cost Saving x A where: A = the period of Delay in Achievement of the Transformation Milestone expressed in calendar days from Accrual Date (see opposite); and</p> <p>Missed Calculated Cost Saving = the agreed amount in pounds sterling that would otherwise have accumulated to the Authority had the Transformation Milestone have been Achieved in accordance with agreed timescales</p>	From relevant Transformation Milestone Date (plus any applicable Grace Period)

- 5.2 Any Transformation Delay Payment due and payable pursuant to paragraph 3.3 shall be presented to the Authority as a credit note by the end of the SMP following the SMP in which the Completion Transformation Milestone was actually Achieved.

Part C: Invoicing

1. PURPOSE

- 1.1 The purpose of part C of this schedule 3 is to set out the method by which the Supplier shall raise invoices to the Authority for payment, together with the requirements which apply to such invoices, and the payment terms thereof.

2. SUPPLIER INVOICES

- 2.1 The Supplier shall prepare and provide to the Authority for Approval a draft pro forma invoice within ten (10) Working Days (or such other period as the Parties agree in writing) of the Commencement Date which shall include, as a minimum, the details set out in paragraph 2.10 below together with such other information as the Authority may reasonably require. If the draft pro forma invoice is not approved by the Authority then the Supplier shall make such amendments as may be reasonably required by the Authority.
- 2.2 The Supplier shall be entitled to raise an invoice in respect of any Contract Charges which fall payable to the Supplier pursuant to this Contract provided that each invoice is delivered to the Authority within ten (10) Working Days after the end of the SMP in respect of the Contract Charges for Services consumed in that period.
- 2.3 All invoices must be provided to the Authority within three (3) SMPs of completion of delivery of the relevant Services to which the invoice relates. Subject to paragraphs 2.4 to 2.6, invoices delivered after expiry of this period shall be invalid and the Authority shall have no obligation or liability in respect of such invoices.
- 2.4 In the event the Supplier is unable to deliver a valid invoice to the Authority within ten (10) Working Days of the relevant date specified in paragraph 2.5 the Supplier shall promptly notify the Authority, providing full details of the relevant Contract Charges which it has not been able to invoice ("**Uninvoiced Charges**").
- 2.5 The Supplier shall:
- 2.5.1 provide an outstanding Contract Charges report ("**Outstanding Charges Report**") within fifteen (15) Working Days of the end of each SMP;
 - 2.5.2 ensure details of the Uninvoiced Charges are set out in the next version of the Outstanding Charges Report and in any event within three (3) SMPs of completion of delivery of the relevant Services to which the Uninvoiced Charges relate; and
 - 2.5.3 seek to resolve the issues which have prevented the Uninvoiced Charges from being invoiced and raise a valid invoice for the same within a further three (3) SMPs (in circumstances where the relevant Uninvoiced Charges are less than or equal to one thousand pounds (£1,000)) or within six (6) SMPs in all other circumstances.
- 2.6 The Supplier's Finance Director (or equivalent) shall provide a letter to the Authority's finance director within ten (10) Working Days of delivering the Outstanding Charges Report for SMP11 in each Contract Year, appending a copy of that report and confirming that:
- 2.6.1 Contract Charges for all Services provided under this Contract up until the end of SMP11 have been properly invoiced in accordance with this part C; or

- 2.6.2 Contract Charges for all Services provided under this Contract up until the end of SMP11 have been invoiced in accordance with paragraph 2.1 apart from those specifically identified as not invoiced in the Outstanding Charges Report as further clarified by additional information set out in the letter, such additional information to provide sufficient detail of the Services that are to be invoiced to enable the Authority to make a reasonable estimate of charges which are likely to be invoiced including: (i) details of the relevant Services, (ii) the reasons why this information cannot be provided for these Services, (iii) where known, an estimate of the level of Charges to be invoiced for these services, and (iv) proposals for resolving the issues and proposed timescales for invoicing the Charges for these Services.
- 2.7 The Parties shall work together in good faith to agree a plan to resolve the issues raised under paragraph 2.6 and agree a timetable for invoicing these Services. In the event that the Parties fail to agree such a plan and timetable within thirty (30) days of the date of the letter or the Supplier fails to implement the agreed actions within the agreed timescales then the Supplier shall only be entitled to raise an invoice for Charges related to such services in accordance with the process described in paragraphs 2.8 to 2.9.
- 2.8 The Supplier shall only be entitled to raise an invoice in respect of an Uninvoiced Charge where the Supplier has notified and invoiced the Authority for such Contract Charges in accordance with the timescales set out in paragraph 2.5. Invoices delivered after expiry of this period, or which relate to Uninvoiced Charges that have not been notified to the Authority within this period shall be invalid and the Authority shall have no liability in respect of such invoices.
- 2.9 The Supplier shall only be entitled to include Uninvoiced Charges within the Outstanding Charges Report during the period when the Supplier is entitled to raise a valid invoice for those Charges in accordance with paragraph 2.5 and the Supplier shall remove any Uninvoiced Charges from the Outstanding Charges Report that remain uninvoiced following expiry of that period.
- 2.10 The Supplier shall ensure that each invoice contains the following information:
- 2.10.1 the date of the invoice;
 - 2.10.2 a unique invoice number;
 - 2.10.3 the SMP or other period(s) to which the relevant Contract Charge(s) relate;
 - 2.10.4 the reference number for this Contract;
 - 2.10.5 the reference number of the Purchase Order, Special Service Request or Project Work Order or Consultancy Services Request to which it relates;
 - 2.10.6 the dates between which the Services subject of each of the Contract Charges detailed on the invoice were performed;
 - 2.10.7 the methodology applied to calculate the Contract Charges;
 - 2.10.8 any payments due in respect of assets;

- 2.10.9 the total Contract Charges gross and, separately, the amount of any disbursements properly chargeable to the Authority under the terms of this Contract and, separately, any VAT or other sales tax payable in respect of the same;
 - 2.10.10 any other adjustment agreed between the Parties as applying to the relevant SMP;
 - 2.10.11 reference to any reports required by the Authority in respect of the Services to which the Contract Charges detailed on the invoice relate (or in the case of reports issued by the Supplier for validation by the Authority, then to any such reports as are validated by the Authority in respect of the Services);
 - 2.10.12 a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries; and
 - 2.10.13 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).
- 2.11 Each invoice shall at all times be accompanied by billing management information reports in the form set out in appendix 4, to enable the Authority to reasonably assess whether the Contract Charges detailed thereon are properly payable. Any assessment by the Authority of the billing management information reports shall not be conclusive. The Supplier undertakes to provide to the Authority any other documentation reasonably required by the Authority from time to time to substantiate an invoice including information required to enable the Authority to internally or externally cross charge.
- 2.12 If the Authority and the Supplier cannot agree on any Contract Charges (including Uninvoiced Charges and invoices submitted by the Supplier) then the Dispute Resolution Procedure shall be applied.
- 2.13 The Supplier shall submit all invoices and billing management information reports in an electronic format that meets the requirements of the SIAM Financial Management Policies & Procedures and RTPi Invoice Specification (or such other format as the Authority may specify in writing from time to time).

to the following address:

Customer Contact:

Invoice Assurance Team
DWP Group Finance
301 Bridgewater Place
Birchwood Technology Park
Birchwood
Warrington
Cheshire
WA3 6XF

with copies (again including any billing management information reports) to:

SIAM Contact:

RTPi Finance Management Operation Lead
Service Integration and Management (SIAM)
HP Enterprise Services UK Ltd
Room E509B
Heyhouses

Heyhouses Lane
Lytham St Annes
Lancashire
FY8 3RG

and (hard copy only) to:

Accounts Payable Contact
Department for Work & Pensions
Shared Services
3rd Floor
Companies House
Crown Way
Cardiff
CF14 3UW

and also to such other person and at such place as the Authority may notify to the Supplier from time to time.

- 2.14 All Supplier invoices shall be expressed in pounds sterling or such other currency as shall be permitted by the Authority in writing.
- 2.15 An invoice shall be valid only if it complies with the provisions of this part C of this schedule 3, including the requirements of the SIAM Financial Management Policies and Procedures and the RTPi Invoice Specification mentioned in paragraph 2.13. Where any invoice does not conform to the Authority's requirements set out in part C of this schedule 3, the Authority shall return the disputed invoice to the Supplier. The Supplier shall promptly issue a replacement invoice which shall comply with the same, within ten (10) Working Days of the end of the relevant SMP. Should the invoice not be received within the ten (10) Working Days period, it will need to be submitted at the next SMP.
- 2.16 If either Party identifies a mistake in the reporting of Contract Charges for the Services invoiced to the Authority, they shall inform the other Party within two (2) Working Days of identifying the mistake and comply with the Authority's requirements including promptly rectifying the mistake. Any subsequent adjustment made to the Charges shall be reconciled in the next invoice issued by the Supplier. For the avoidance of doubt, any adjustment, for example a supplementary invoice or credit note, should be provided separately from any invoice or documentation relating to a subsequent SMP.
- 2.17 In respect of each SMP, the Supplier shall submit to the Authority a report providing details of all invoices raised by the Supplier in that SMP.

3. PAYMENT TERMS

- 3.1 Subject to the provisions of paragraph 2 above, the Authority shall make payment to the Supplier within thirty (30) calendar days of receipt of a valid invoice by the Authority at its nominated address for invoices. Without prejudice to clause 44 (*Termination Rights*), if the Authority believes that it shall be unable to make payment in accordance with this paragraph 3 it shall notify the Supplier in writing and keep the Supplier informed of when payment shall be made.

Part D: Termination Payments

1. BACKGROUND

- 1.1 This part D details the Termination Payment that the Authority shall pay to the Supplier if the Contract is terminated in the following circumstances:
- 1.1.1 termination as a result of the Authority exercising the right to terminate pursuant to clause 43.5 (*Termination on Change of Control*);
 - 1.1.2 termination as a result of the Authority exercising the right to terminate pursuant to clause 43.6 (*Termination without Cause*);
 - 1.1.3 termination as a result of the Authority exercising the right to terminate pursuant to clause 43.7 (*Termination in Relation to Variation*);
 - 1.1.4 termination as a result of the Supplier exercising the right to terminate pursuant to clause 44 (*Termination on Authority Cause for Failure to Pay*);
 - 1.1.5 termination by the Authority in accordance with clause 45 (*Termination for Continuing Force Majeure Event*).
- 1.2 For the avoidance of doubt, no Termination Payment shall be payable if the Services expire or are terminated by either party for any reason other than pursuant to the clauses referred to in paragraph 1.1 above.

2. TERMINATION PAYMENT CALCULATION

- 2.1 Subject to the remaining provisions of this part D, the Termination Payment payable in the circumstances set out in paragraph 1 above shall be calculated on the basis set out in Table 1 below.

Table 1

Termination type	Unrecovered Costs	Breakage Costs	Profit
Clause 43.5 (<i>Termination on Change of Control</i>)	X	X	
Clause 43.6 (<i>Termination without Cause</i>)	X	X	X
Clause 43.7 (<i>Termination in Relation to Variation</i>)	X	X	
Clause 44 (<i>Termination on Authority Cause for Failure to Pay</i>)	X	X	X
Clause 45 (<i>Termination</i>)	X	X	

Termination type	Unrecovered Costs	Breakage Costs	Profit
for Continuing Force Majeure)			

For the purposes of this part D, the above terms set out in Table 1 shall apply as follows:

"Unrecovered Costs" means those costs incurred by the Supplier in relation to the provision of the Services prior to the Services Commencement Date, to the extent the same have not been recovered by the Supplier by way of any Contract Charges as at the effective date of termination.

"Breakage Costs" means:

- (a) costs incurred by the Supplier in relation to the provision of the Services for software licences, by reference to the asset register referred to in paragraph 2.5 below, to the extent the same remain to be recovered through the Charges;
- (b) costs incurred by the Supplier for compensating Supplier Personnel for loss of employment payable under the relevant contracts of employment together with any statutory costs payable to Supplier Personnel who are employed in providing the Services who lose their employment as a result of termination of the Services. Supplier Personnel costs in respect of Supplier Personnel who transfer in accordance with the Employment Regulations will be excluded from the calculation;
- (c) costs incurred by the Supplier as a result of cancelling or assigning third party maintenance agreements and or leases for hardware used in the provision of the Services as a result of termination of the Services subject always to paragraph 2.2 and by reference to the asset register referred to in clause 21.2.2.15.

"Profit" means a notional 10% of the Contract Charges for a maximum period of six (6) months (such sum being calculated on the Contract Charges paid or payable during the six (6) months prior to the notice of termination having been received) provided that if less than six (6) months of the Contract Period remain following the relevant notice period, such shorter period shall apply.

- 2.2 The Termination Payment shall in no event exceed the amounts set out in clause 37.3.4 (*Liability*).
- 2.3 Upon any notice to terminate the Contract, the Supplier shall take all reasonable steps to minimise and mitigate all costs in accordance with good business practices, including but not limited to the following:
 - 2.3.1 the appropriation of assets, staff and resources for other purposes/projects; and
 - 2.3.2 in relation to contracts entered into with third parties, termination by the Supplier of those contracts at the earliest possible date without breach or where contractually permitted, and, where required by the Authority, assigning such contracts to the Authority; and

- 2.3.3 if such assets, staff or resources can be used for other purposes then there shall be an equitable reduction in the Termination Payment payable by the Authority to the Supplier.
- 2.4 The Supplier shall submit a fully itemised and costed list of all such costs, with reasonable supporting evidence to show such costs are unavoidable, proven, reasonable and not capable of recovery as a result of the termination.
- 2.5 As soon as reasonably practicable following the Commencement Date, the Supplier shall provide to the Authority and maintain during the Contract Period an asset list itemising the software and hardware used in the course of the Supplier's provision of the Services (as more specifically outlined in schedule 10 (*Exit*)). Such asset list shall be made available to the Authority on request and shall be utilised in order to inform the termination charges relating to software and hardware above.

3. FULL AND FINAL SETTLEMENT

Any payments made in accordance with this schedule, clause 43.6 (*Termination Without Cause*) and/or clause 44 (*Supplier Termination Rights*) shall be in full and final settlement of any claim, demand and/or proceedings of the Supplier in relation to any termination by the Authority pursuant to (as applicable) this schedule, clause 43.6 (*Termination Without Cause*) or clause 44 (*Supplier Termination Rights*). Accordingly, the Supplier shall be excluded from all other rights and remedies it would otherwise have been entitled to exercise in respect of any such termination.

4. INVOICING FOR THE PAYMENTS ON TERMINATION

All sums due under this schedule 3, clause 43.6 (*Termination Without Cause*) and/or clause 44 (*Supplier Termination Rights*) shall be payable by the Authority to the Supplier in accordance with the terms set out in Part C of this schedule 3.

5. SET OFF

The Authority shall be entitled to set off any outstanding liabilities of the Supplier against any amount it pays pursuant to this schedule 3, clause 43.6 (*Termination Without Cause*) and/or clause 44 (*Supplier Termination Rights*) and in accordance with its rights set out in this Contract.

6. NO DOUBLE RECOVERY

- 6.1 If any payment pursuant to this schedule 3, clause 43.6 (*Termination Without Cause*) and/or clause 44 (*Supplier Termination Rights*) relates to or arises in relation from (in whole or in part) any Transferring Assets then, to the extent that the Authority makes any payments elsewhere in this Contract in respect of such Transferring Assets, such amounts shall be deducted from the amount payable pursuant to this schedule 3, clause 43.6 (*Termination Without Cause*) and/or clause 44 (*Supplier Termination Rights*).
- 6.2 The value of the Termination Payment shall be reduced or extinguished to the extent that the Supplier has already received the Charges or the financial benefit of any other remedy given under this Contract so that there is no double counting in calculating the relevant payment.
- 6.3 Where this Contract terminates or expires as a whole, the Authority shall have an option to purchase the whole or any part of the non-leveraged Supplier Assets used to provide the Services.

- 6.4 The Authority will give notice of any decision to exercise an option to purchase such non-leveraged Supplier Assets at least six weeks prior to the date of expiry or termination ("**Transferring Assets**").
- 6.5 If a termination notice is served less than six weeks prior to the termination date, then the Authority shall make a decision on exercising any option to purchase assets within one week of the date of the termination notice if said notice was served by the Authority or one month of the date of the termination notice if said notice was served by the Supplier.
- 6.6 The purchase price of the Transferring Assets shall be the lower of net book value and fair market value. Should the net book value be zero, then the assets will be purchased for one pound sterling (£1).
- 6.7 Purchase of Transferring Assets will be effective and beneficial ownership will transfer with effect from the date of termination of the Contract.

APPENDIX 1: SERVICE MEASUREMENT PERIOD (SMP) CALENDAR

SMP	Month	Financial Year 2012/13			Financial Year 2013/14			Financial Year 2014/15			Financial Year 2015/16			Financial Year 2016/17		
		Start	End	Weeks	Start	End	Weeks	Start	End	Weeks	Start	End	Weeks	Start	End	Weeks
1	April	12 Mar 2012	08 Apr 2012	4	11 Mar 2013	07 Apr 2013	4	10 Mar 2014	06 Apr 2014	4	16 Mar 2015	12 Apr 2015	4	14 Mar 2016	10 Apr 2016	4
2	May	09 Apr 2012	06 May 2012	4	08 Apr 2013	05 May 2013	4	07 Apr 2014	11 May 2014	5	13 Apr 2015	10 May 2015	4	11 Apr 2016	08 May 2016	4
3	June	07 May 2012	10 Jun 2012	5	06 May 2013	09 Jun 2013	5	12 May 2014	15 Jun 2014	5	11 May 2015	14 Jun 2015	5	09 May 2016	12 Jun 2016	5
4	July	11 Jun 2012	08 Jul 2012	4	10 Jun 2013	07 Jul 2013	4	16 Jun 2014	13 Jul 2014	4	15 Jun 2015	12 Jul 2015	4	13 Jun 2016	10 Jul 2016	4
5	August	09 Jul 2012	06 Aug 2012	4	08 Jul 2013	04 Aug 2013	4	14 Jul 2014	10 Aug 2014	4	13 Jul 2015	09 Aug 2015	4	11 Jul 2016	07 Aug 2016	4
6	September	06 Aug 2012	09 Sep 2012	5	05 Aug 2013	08 Sep 2013	5	11 Aug 2014	14 Sep 2014	5	10 Aug 2015	13 Sep 2015	5	08 Aug 2016	11 Sep 2016	5
7	October	10 Sep 2012	07 Oct 2012	4	09 Sep 2013	06 Oct 2013	4	15 Sep 2014	12 Oct 2014	4	14 Sep 2015	11 Oct 2015	4	12 Sep 2016	09 Oct 2016	4
8	November	08 Oct 2012	04 Nov 2012	4	07 Oct 2013	03 Nov 2013	4	13 Oct 2014	09 Nov 2014	4	12 Oct 2015	08 Nov 2015	4	10 Oct 2016	06 Nov 2016	4
9	December	05 Nov 2012	09 Dec 2012	5	04 Nov 2013	08 Dec 2013	5	10 Nov 2014	14 Dec 2014	5	09 Nov 2015	13 Dec 2015	5	07 Nov 2016	11 Dec 2016	5
10	January	10 Dec 2012	06 Jan 2013	4	09 Dec 2013	05 Jan 2014	4	15 Dec 2014	11 Jan 2015	4	14 Dec 2015	10 Jan 2016	4	12 Dec 2016	08 Jan 2017	4
11	February	07 Jan 2013	03 Feb 2013	4	06 Jan 2014	02 Feb 2014	4	12 Jan 2015	08 Feb 2015	4	11 Jan 2016	07 Feb 2016	4	09 Jan 2017	05 Feb 2017	4
12	March	04 Feb 2013	10 Mar 2013	5	03 Feb 2014	09 Mar 2014	5	09 Feb 2015	15 Mar 2015	5	08 Feb 2016	13 Mar 2016	5	06 Feb 2017	12 Mar 2017	5

SMP	Month	Financial Year 2017/18			Financial Year 2018/19			Financial Year 2019/20			Financial Year 2020/21			Financial Year 2021/22		
		Start	End	Weeks	Start	End	Weeks	Start	End	Weeks	Start	End	Weeks	Start	End	Weeks
1	April	13 Mar 2017	09 Apr 2017	4	12 Mar 2018	08 Apr 2018	4	11 Mar 2019	07 Apr 2019	4	16 Mar 2020	12 Apr 2020	4	15 Mar 2021	11 Apr 2021	4
2	May	10 Apr 2017	07 May 2017	4	09 Apr 2018	06 May 2018	4	08 Apr 2019	12 May 2019	5	13 Apr 2020	10 May 2020	4	12 Apr 2021	09 May 2021	4
3	June	08 May 2017	11 Jun 2017	5	07 May 2018	10 Jun 2018	5	13 May 2019	16 Jun 2019	5	11 May 2020	14 Jun 2020	5	10 May 2021	13 Jun 2021	5
4	July	12 Jun 2017	09 Jul 2017	4	11 Jun 2018	08 Jul 2018	4	17 Jun 2019	14 Jul 2019	4	15 Jun 2020	12 Jul 2020	4	14 Jun 2021	11 Jul 2021	4
5	August	10 Jul 2017	06 Aug 2017	4	09 Jul 2018	05 Aug 2018	4	15 Jul 2019	11 Aug 2019	4	13 Jul 2020	09 Aug 2020	4	12 Jul 2021	08 Aug 2021	4
6	September	07 Aug 2017	10 Sep 2017	5	06 Aug 2018	09 Sep 2018	5	12 Aug 2019	15 Sep 2019	5	10 Aug 2020	13 Sep 2020	5	09 Aug 2021	12 Sep 2021	5
7	October	11 Sep 2017	08 Oct 2017	4	10 Sep 2018	07 Oct 2018	4	16 Sep 2019	13 Oct 2019	4	14 Sep 2020	11 Oct 2020	4	13 Sep 2021	10 Oct 2021	4
8	November	09 Oct 2017	05 Nov 2017	4	08 Oct 2018	04 Nov 2018	4	14 Oct 2019	10 Nov 2019	4	12 Oct 2020	08 Nov 2020	4	11 Oct 2021	07 Nov 2021	4
9	December	06 Nov 2017	10 Dec 2017	5	05 Nov 2018	09 Dec 2018	5	11 Nov 2019	15 Dec 2019	5	09 Nov 2020	13 Dec 2020	5	08 Nov 2021	12 Dec 2021	5
10	January	11 Dec 2017	07 Jan 2018	4	10 Dec 2018	06 Jan 2019	4	16 Dec 2019	12 Jan 2020	4	14 Dec 2020	10 Jan 2021	4	13 Dec 2021	09 Jan 2022	4
11	February	08 Jan 2018	04 Feb 2018	4	07 Jan 2019	03 Feb 2019	4	13 Jan 2020	09 Feb 2020	4	11 Jan 2021	07 Feb 2021	4	10 Jan 2022	06 Feb 2022	4
12	March	05 Feb 2018	11 Mar 2018	5	04 Feb 2019	10 Mar 2019	5	10 Feb 2020	15 Mar 2020	5	08 Feb 2021	14 Mar 2021	5	07 Feb 2022	13 Mar 2022	5

APPENDIX 2: RESOURCE UNIT PRICE LIST

Table 1: Print Services

Resource Units (per thousand unless stated)	Contract Year 1 Charges		Contract Year 2 Charges		Contract Year 3 Charges	
	Unit Charge Base Volume £	Unit Charge for Additional Volume £	Unit Charge Base Volume £	Unit Charge for Additional Volume £	Unit Charge Base Volume £	Unit Charge for Additional Volume £
1. Simplex Mono A4 Printing	REDACTED					
2. Simplex Colour A4 Printing						
3. Duplex Mono A4 Printing						
4. Duplex Colour A4 Printing						
5. Simplex Mono A3 Printing						
6. Duplex Mono A3 Printing						
7. Folding						
8. C4 Enclosing						
9. C5 and DL Enclosing						
10. Enclosing 1 st Insert						
11. Enclosing Subsequent Inserts						
12. Mail Sortation and Mail Ready						
13. Paper - A4						
14. - A3						
15. Envelopes - C4						
16. - C5						
17. - DL						
18. - Polylope						
19. Business Reply Envelopes						
20. Development, programming, coding, testing and implementation of new products (per man hour)						

Resource Units (per thousand unless stated)	Contract Year 4 Charges		Contract Year 5 Charges	
	Unit Charge Base Volume £	Unit Charge for Additional Volume £	Unit Charge Base Volume £	Unit Charge for Additional Volume £
1. Simplex Mono A4 Printing	REDACTED			
2. Simplex Colour A4 Printing				
3. Duplex Mono A4 Printing				
4. Duplex Colour A4 Printing				
5. Simplex Mono A3 Printing				
6. Duplex Mono A3 Printing				
7. Folding				
8. C4 Enclosing				
9. C5 and DL Enclosing				
10. Enclosing 1st Insert				
11. Enclosing Subsequent Inserts				
12. Mail Sortation and Mail Ready				
13. Paper - A4				
14. - A3				
15. Envelopes - C4				
16. - C5				
17. - DL				
18. - Polylope				
19. Business Reply Envelopes				
20. Development, programming, coding, testing and implementation of new products (per man hour)				

Table 2: Digital Services

Resource Units (per thousand)	Contract Year 1 Charges	Contract Year 2 Charges	Contract Year 3 Charges	Contract Year 4 Charges	Contract Year 5 Charges
1. Data Processing (includes set up and receipt)	Unit Charge £	Unit Charge £	Unit Charge £	Unit Charge £	Unit Charge £
2. Data File Validation	REDACTED				
3. Image Ingestion					
4. Email Charge					
5. Storage Charge					
6. SMS Text Charge					

Table 3: Maximum Base Volumes

Resource Unit	Maximum Base Volume (000s) – Contract Year 1											
	SMP1 Apr	SMP2 May	SMP3 Jun	SMP4 Jul	SMP5 Aug	SMP6 Sep	SMP7 Oct	SMP8 Nov	SMP9 Dec	SMP10 Jan	SMP11 Feb	SMP12 Mar
1. Simplex Mono A4 Printing	26,886	30,946	21,292	19,939	24,450	20,300	21,382	50,795	15,338	31,577	66,673	37,622
2. Simplex Colour A4 Printing	1,120	1,289	887	831	1,019	846	891	2,116	639	1,316	2,778	1,568
3. Duplex Mono A4 Printing	2,445	2,815	1,937	1,814	2,224	1,846	1,945	4,620	1,395	2,872	6,065	3,422
4. Duplex Colour A4 Printing	22	25	17	16	20	17	17	41	13	26	55	31
5. Simplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6. Duplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Resource Unit	Maximum Base Volume (000s) – Contract Year 2											
	SMP1 Apr	SMP2 May	SMP3 Jun	SMP4 Jul	SMP5 Aug	SMP6 Sep	SMP7 Oct	SMP8 Nov	SMP9 Dec	SMP10 Jan	SMP11 Feb	SMP12 Mar
1. Simplex Mono A4 Printing	26,886	30,946	21,292	19,939	24,450	20,300	21,382	50,795	15,338	31,577	66,673	37,622
2. Simplex Colour A4 Printing	1,120	1,289	887	831	1,019	846	891	2,116	639	1,316	2,778	1,568
3. Duplex Mono A4 Printing	2,445	2,815	1,937	1,814	2,224	1,846	1,945	4,620	1,395	2,872	6,065	3,422
4. Duplex Colour A4 Printing	22	25	17	16	20	17	17	41	13	26	55	31
5. Simplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6. Duplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Resource Unit	Maximum Base Volume (000s) – Contract Year 3											
	SMP1 Apr	SMP2 May	SMP3 Jun	SMP4 Jul	SMP5 Aug	SMP6 Sep	SMP7 Oct	SMP8 Nov	SMP9 Dec	SMP10 Jan	SMP11 Feb	SMP12 Mar
1. Simplex Mono A4 Printing	26,886	30,946	21,292	19,939	24,450	20,300	21,382	50,795	15,338	31,577	66,673	37,622
2. Simplex Colour A4 Printing	1,120	1,289	887	831	1,019	846	891	2,116	639	1,316	2,778	1,568
3. Duplex Mono A4 Printing	2,445	2,815	1,937	1,814	2,224	1,846	1,945	4,620	1,395	2,872	6,065	3,422
4. Duplex Colour A4 Printing	22	25	17	16	20	17	17	41	13	26	55	31
5. Simplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6. Duplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Resource Unit	Maximum Base Volume (000s) – Contract Year 4											
	SMP1 Apr	SMP2 May	SMP3 Jun	SMP4 Jul	SMP5 Aug	SMP6 Sep	SMP7 Oct	SMP8 Nov	SMP9 Dec	SMP10 Jan	SMP11 Feb	SMP12 Mar
1. Simplex Mono A4 Printing	26,886	30,946	21,292	19,939	24,450	20,300	21,382	50,795	15,338	31,577	66,673	37,622
2. Simplex Colour A4 Printing	1,120	1,289	887	831	1,019	846	891	2,116	639	1,316	2,778	1,568
3. Duplex Mono A4 Printing	2,445	2,815	1,937	1,814	2,224	1,846	1,945	4,620	1,395	2,872	6,065	3,422
4. Duplex Colour A4 Printing	22	25	17	16	20	17	17	41	13	26	55	31
5. Simplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6. Duplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Resource Unit	Maximum Base Volume (000s) – Contract Year 5											
	SMP1 Apr	SMP2 May	SMP3 Jun	SMP4 Jul	SMP5 Aug	SMP6 Sep	SMP7 Oct	SMP8 Nov	SMP9 Dec	SMP10 Jan	SMP11 Feb	SMP12 Mar
1. Simplex Mono A4 Printing	26,886	30,946	21,292	19,939	24,450	20,300	21,382	50,795	15,338	31,577	66,673	37,622
2. Simplex Colour A4 Printing	1,120	1,289	887	831	1,019	846	891	2,116	639	1,316	2,778	1,568
3. Duplex Mono A4 Printing	2,445	2,815	1,937	1,814	2,224	1,846	1,945	4,620	1,395	2,872	6,065	3,422
4. Duplex Colour A4 Printing	22	25	17	16	20	17	17	41	13	26	55	31
5. Simplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6. Duplex Mono A3 Printing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

PROFIT MARGIN STATEMENT



Profit Statement.xlsx

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BILLING INFORMATION REPORT

DOCUMENT CONTAINED TEST DATA ONLY – REDACTED DOCUMENT



Billing Management
Report.xlsx