**SCHEDULE 8**

**CHARGES AND PAYMENT**

1. **INTRODUCTION**

## The purpose of this schedule is to set out the Charges and other financial arrangements applicable to this agreement.

## This schedule contains the following appendices:

### Appendix 1: Invoicing and Payment;

### Appendix 2: Professional Day Rates;

### Appendix 3: Implementation Charges and Operational Charges;

### Appendix 4: Charges for Costed Options.

1. **GENERAL**

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

## The Charges shall be invoiced in accordance with the procedures set out in Appendix 1 (Invoicing and Payment).

## The Charges are deemed to be inclusive of all costs and profit amounts relevant to the provision of the Services and no further amounts shall be payable by the Authority to the Supplier in respect of such performance, including in respect of any amount for any services provided or costs incurred by the Supplier prior to the Commencement Date.

## Unless agreed otherwise the Charges shall be inclusive of:

### all preparations for the provision of the Services, including any bidding activity, mobilisation activity, site surveys and mapping, education and awareness activity and all other activities undertaken by Supplier to enable Supplier to provide the Services;

### 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; and

### all internal Supplier and Sub-Contractor activities, including training, meetings, staff management, business development, internal processes (for example time recording), account management and governance.

## All periodic Charges shall unless otherwise be expressly provided for herein be computed on a calendar month basis and will be pro-rated for any partial month, unless this agreement expressly states otherwise.

## The Supplier shall provide all reasonable assistance to the Authority in relation to billing queries.

1. **CHARGES**

## The Charges shall be comprised of the following elements:

### Implementation Charges;

### Operational Charges;

### Charges for Costed Options; and

### Charges relating to the provision of the Termination Services (subject to this agreement not being terminated as a result of breach by the Supplier).

1. **IMPLEMENTATION CHARGES**

## The Implementation Charges shall be payable by the Authority with respect to the provision of the Implementation Services. The Implementation Charges shall be payable upon Achievement of each Milestone identified in Appendix 3 of this schedule and the issue by the Authority of a Milestone Achievement Certificate in accordance with clause 5 of this agreement.

## A Retention shall be applied against the Implementation Charges in accordance with paragraph 4.4.7 of this schedule. The Retention shall be released at the Retention Release Point.

## The total Non-Hardware Implementation Charges for Tranche 1 relating to Implementation comprise an amount of £[**●**] and aggregate unit price payable in relation to the Hardware to be delivered in respect of Tranche 1 comprise an amount of £[**●**] **[*Note to Bidders: this amount will be populated based on the bidders total implementation charges for Tranche 1*].**

## The Non-Hardware Implementation Charges and aggregate unit price payable in relation to the Hardware to be delivered in respect of Tranche 1 set out in paragraph 4.3 above shall be payable in line with completion of the following activities:

### in respect of design activities (as referred to in the Implementation Timetable), 20% of the Non-Hardware Implementation Charges relating to Tranche 1 shall be payable upon:

* + - 1. the Supplier evidencing to the Authority’s satisfaction that it owns and/or has all necessary rights to the IPRs in the Hardware and the Supplied System and, where required, that it has the benefit of software licences from any third party, to enable the effective operation of the Hardware and the Supplied System and the provision of the Services in accordance with this agreement; and

* + - 1. a Milestone Achievement Certificate being issued by the Authority, signifying the Achievement of Milestone 2 in the Implementation Timetable;

### in respect of build activities (as referred to in the Implementation Timetable), 20% of the Non-Hardware Implementation Charges relating to Tranche 1 shall be payable upon a Milestone Achievement Certificate being issued by the Authority, signifying the Achievement of Milestone 4 in the Implementation Timetable;

### in respect of Hardware:

* + - 1. 33% of the aggregate unit price payable in relation to the Hardware to be delivered in respect of Tranche 1, once the Hardware has been delivered to the premises agreed with the Authority, subject to:
1. Supplier title in the Hardware being proven;
2. the Hardware being clearly segregated and marked as “*GM Bus Franchising*”; and
3. the Hardware being stored to protect the Hardware from damage, theft, weather events and such other events as may lead to the Hardware being destroyed or damaged; and
	* + 1. 33% of the aggregate unit price payable in relation to the Hardware to be delivered in respect of Tranche 1, when such Hardware has been configured, complied with all relevant Tests and is ready for use on a Franchised Bus, subject to:
4. inclusion of each such Hardware in the Asset Register in accordance with the terms of this agreement; and
5. a Test Certificate being issued by the Authority in respect of such Hardware (or, if considered appropriate by the Authority, a Test Certificate being issued in respect of a representative sample of the Hardware delivered); and
	* + 1. 34% of the aggregate unit price payable in relation to the Hardware to be delivered in respect of Tranche 1, when such Hardware has been installed and ready for use on a particular Franchised Bus subject to a Milestone Achievement Certificate being issued by the Authority, signifying the Achievement of Milestone 4 in the Implementation Timetable;

### in respect of the initial phase of Testing (as referred to in the Implementation Timetable), 20% of the Non-Hardware Implementation Charges relating to Tranche 1 shall be payable upon a Milestone Achievement Certificate being issued by the Authority, signifying the Achievement of Milestone 5 in the Implementation Timetable;

### in respect of further and final phases of Testing (as referred to in the Implementation Timetable), 20% of the Non-Hardware Implementation Charges relating to Tranche 1 shall be payable upon a Milestone Achievement Certificate being issued by the Authority, signifying the Achievement of Milestone 6 in the Implementation Timetable;

### 10% of the Non-Hardware Implementation Charges relating to Tranche 1 shall be payable upon a Milestone Achievement Certificate being issued following Achievement of the Go-Live Milestone Date, signifying Achievement of Milestone 7 in the Implementation Timetable; and

### the remainder of the Non-Hardware Implementation Charges in respect of Tranche 1 (**Retention**) shall be payable three (3) months after the Services Effective Date for Tranche 1, subject to the Authority confirming that all Hardware and the Supplied System have been commissioned and are operating satisfactorily and are free of any Priority Level 1, Priority Level 2 and Priority Level 3 Incidents (as defined in Schedule 5 (Service Levels)) (**Retention Release Point**).

## Unless otherwise agreed between the parties, the Implementation Charges for Tranche 2 and Tranche 3 shall, where applicable, be calculated on the basis of the pricing applied to Tranche 1 (or such other more favourable pricing as may be applied by the Supplier) and subject to the same payment percentages as those set out in paragraph 4.4 for Tranche 1 above.

## The Implementation Charges for any Service enhancements contemplated following the Services Effective Dates for each of the Tranches will be agreed between the Supplier and the Authority in accordance with the Change Control Procedure with reference to the rates included in Appendix 2 of this schedule.

## The Implementation Charges for any Costed Options are identified in Appendix 4 of this schedule.

1. **OPERATIONAL CHARGES**

## The Operational Charges for the provision of the Operational Services and Support and Maintenance Services in respect of each Tranche shall commence in respect of each Tranche from the applicable Services Effective Date are identified in Appendix 3 of this schedule.

## The Operational Charges for any Service enhancements will be agreed between the Supplier and the Authority in accordance with the Change Control Procedure.

1. **COSTED OPTIONS**

## If the Authority gives notice pursuant to clause 27 of this agreement that it requires the Supplier to provide any or all of the Costed Options:

### the Implementation Charges (if any) for the relevant Costed Options shall (unless agreed by the parties to the contrary) be calculated by reference to the Costed Options set out in Appendix 4 of this schedule and; and

### the Operational Charges for the relevant Costed Options shall (unless agreed by the parties to the contrary) be calculated by reference to the Costed Options set out in Appendix 4 of this schedule.

1. **TERMINATION SERVICES**

## The Supplier shall wherever reasonably practicable use Current Resources to perform the Termination Services.

## The Supplier shall provide reasonable prior notice to the Authority should it not be reasonably practicable to use Current Resources to perform the Termination Services. The Termination Services provided by Supplier’s Personnel (other than Current Resource) shall be calculated on a time and materials basis by reference to the Professional Day Rates.

## The Supplier shall ensure that the Exit Management Plan prepared and maintained in accordance with Schedule 11 (Exit Management Plan) includes an estimate for the Termination Services which shall, in any event, shall be subject to an overall cap of 20% of the annual Operational Charges. The Supplier acknowledges and agrees that the Authority shall not be obliged to pay any Charges for the Termination Services where such Charges which have not been approved by the Authority in the Exit Management Plan and/or which exceed the abovementioned cap without prior approval of the Authority if the scope or timing of the Termination Services is changed and this results in a change to the Charges of such Termination Services, the estimate may, subject always to the cap above, be varied in accordance with the Change Control Procedure.

1. **SERVICE DEDUCTIONS**

## Service Deductions shall apply to the Operational Charges in accordance with the provisions of Schedule 5 (Service Levels) and clause 10 of this agreement.

1. **PRINCIPLES RELATING TO CHARGING BY REFERENCE TO PROFESSIONAL DAY RATES**

## Where the Supplier is required to provide Services on a Professional Day Rate basis, for example where Changes are to be implemented on a time and materials basis, then the principles set out in this paragraph 9 and rates set out in Appendix 2 to this schedule shall apply.

## The Supplier shall on a weekly basis calculate the number of hours worked by each member of Supplier Personnel in the provision of the applicable Services. If said person has worked:

### 37.5 hours in the provision of the applicable Services, the Supplier may invoice the Authority for a maximum of five Professional Days at the appropriate Professional Day Rate for that person for that week; or

### less than 37.5 hours in the provision of the applicable Services, the Supplier may invoice the Authority for the number of Professional Days or part thereof rounded down to the nearest half hour at the appropriate Professional Day Rate for that person for that week.

## The Supplier will ensure that it resources the Services provided to the Authority under this agreement by using the most appropriate personnel having regard amongst other things to the expertise, knowledge and experience of such available personnel and the tasks required to be performed so as to deliver the Services on the most cost efficient basis.

## The Professional Day Rates include expenses. Accordingly, the Supplier shall not, in relation to Services provided on a Professional Day Rate basis, be entitled to charge for expenses.

## The Supplier may not charge overtime for any Services performed by Supplier Personnel on a Professional Day Rate basis, save that where a Change Request is submitted which requires excessive work outside of Working Hours, including working over the weekend, the Supplier reserves the right to reflect this requirement in the Impact Assessment identifying its proposed charges for the proposed work.

1. **PRICING FOR CHANGE**

## At the request of the Authority, the Supplier shall, as part of any Impact Assessment prepared pursuant to Schedule 10 (Change Control Procedure) demonstrate that the proposed Charges with respect to the proposed Change represent value for money, taking into account opportunities for re-use or decommissioning of assets, the ability to use the output of the Change for the benefit of the wider customer base or potential customer base of the Supplier Group, more efficient deployment of assets, more efficient deployment of resources, including by the use of any currently under-utilised personnel and any other economies of scale.

## When calculating the Charges in relation to any Change Request, the Supplier shall apply the Professional Day Rates, as set out in Appendix 2.

1. **INDEXATION**

## The Supplier may increase the Professional Day Rates, Operational Charges and/or Charges for Costed Options by way of Indexation subject always to the following provisions:

### no Indexation shall apply in respect of the first three (3) Contract Years of the Term; and

### for all subsequent Contract Years, Indexation shall be the lower of 3% and the Index as at 1 January (that is to say by reference to the percentage increase (if any) in the Index over the preceding twelve (12) months) in each Contract Year. For the avoidance of doubt, the first increase in the Professional Day Rates, Operational Charges and Charges for Costed Options shall take effect as from the expiry of the third (3rd) Contract Year of the Term.

## No other Charges are subject to Indexation.

## **APPENDIX 1**

Invoicing and Payment

1. **SUPPLIER INVOICES**
	1. The Supplier shall raise invoices in accordance with the provisions of this Appendix 1 in respect of any sum which falls payable to the Supplier pursuant to this agreement.
	2. The Supplier shall deliver invoices to the Authority in respect of Services in accordance with the timescales specified below:
		1. Implementation Charges shall be invoiced within twenty (20) Working Days of the issue of the Milestone Achievement Certificate in respect of the applicable Milestones;
		2. Operational Charges shall be invoiced monthly in arrears, and an invoice shall be issued no earlier than the first (1st) Working Day of the month following the month to which the Operational Charges apply. Where the commencement of any Operational Services is delayed, the relevant Operational Charges shall be adjusted pro-rata;
		3. Costed Options charges shall be issued monthly in arrears with respect to those Costed Options that have been successfully completed and approved by the Authority in accordance with the Costed Options process set out in Schedule 2 (Implementation) during the applicable month and an invoice will be issued no earlier the first Working Day of the month following the month to which the Costed Options charges relate; and
		4. unless otherwise agreed in the Exit Management Plan, the Charges for the Termination Services shall be issued monthly in arrears with respect to Termination Services that have been completed during the applicable month and an invoice will be issued no earlier than the first (1st) Working Day of the month following the month to which the Charges for the Termination Services relate.
	3. Retentions that are released shall be invoiced to the Authority within 20 Working Days following the date on which the applicable Retention Release Point occurs.
	4. The Supplier shall provide the Authority with each invoice in electronic copy to such email address as the Authority may communicate from time to time and shall ensure that each invoice (draft and formal) contains the following information:
		1. the date of the invoice;
		2. a unique invoice number;
		3. the agreement reference to which it relates;
		4. the period of time over which the Services the subject of each of the Charges detailed on the invoice were performed or the Milestone to which the Charges relate and the relevant Milestone Achievement Certificate (as the context requires);
		5. any payments due in respect of the release of a Retention upon the occurrence of a Retention Release Point;
		6. the methodology applied to calculate the Charges (including, in the case of Charges on a time and materials basis, a breakdown of the relevant Supplier Personnel, Professional Days and Professional Day Rates);
		7. the amount of the Charges payable by the Authority (showing a breakdown between charges for different services) and, separately, the amount of any disbursements properly chargeable to the Authority under the terms of this agreement;
		8. the number and type of Costed Options provided and/or performed during the applicable period (if any);
		9. details of any Service Deductions or similar deductions that shall apply to the Charges detailed on the invoice;
		10. any adjustments from previous invoices to reflect overpayments or underpayments (where applicable);
		11. a contact name and telephone number of a responsible person in the Supplier's finance department in the event of administrative queries;
		12. 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);
		13. a reference to the unique Authority purchase order number or equivalent reference specified by the Authority; and
		14. any VAT payable.
	5. Each invoice shall be accompanied by applicable information (**"Supporting Documentation"**) to the extent necessary to assist the Authority in its assessment of whether the Charges detailed thereon are calculated correctly. The Supplier undertakes to provide to the Authority any other documentation associated with the Services as reasonably required by the Authority from time to time to substantiate an invoice.
	6. The Authority reserves the right to sub-contract the collection of invoices to a third party, at any time provided always that they do not assign any obligations associated to the payment of invoices and the Charges associated.
	7. All Supplier invoices shall be expressed in pounds sterling.
	8. Where any invoice does not conform to the requirements of this paragraph 1 it shall be considered non-compliant and therefore shall not be required to be paid. It shall be the Supplier’s responsibility to promptly issue a replacement compliant invoice at no additional cost to the Authority before payment can be made.
2. **PAYMENT TERMS**
	1. Subject to the provisions of this Appendix 1, the Authority shall make payment to the Supplier within 30 days of receipt of a compliant and valid VAT invoice that has been provided in accordance with the requirements of this schedule.
	2. The Authority may withhold payment of any invoice, in whole or in part, where the Supplier has not complied with the requirements of this Appendix. For the avoidance of doubt, where the Supplier subsequently complies with such requirements, the Authority shall pay such invoice in accordance with the payment terms specified above (and any period to pay a relevant withheld invoice shall run from the time at which the Supplier was fully compliant with the requirements of this schedule).

## **APPENDIX 2**

Professional Day Rates

|  |  |  |
| --- | --- | --- |
| **‘Rate- Card’ of Professional Services**  | **Day Rate**  | **Hourly rate** |
| [***Insert category/rank of personnel***] | £ | £ |
| [***Insert category/rank of personnel***] | £ | £ |
| [***Insert category/rank of personnel***] | £ | £ |
| [***Insert category/rank of personnel***] | £ | £ |

APPENDIX 3

Implementation Charges and Operational Charges

1. Implementation Charges

|  |  |  |  |
| --- | --- | --- | --- |
| **Reference** | **Implementation Charge** | **Milestone** | **Total Amount (£'s)** |
| IC2 |  | Milestone 2 | £[ ] |
| IC3 |  | Milestone 4 | £[ ] |
| IC4 |  | Milestone 5 | £[ ] |
| IC5 |  | Milestone 6 | £[ ] |
| IC6 |  | Milestone 7 | £[ ] |

1. Operational Charges

| **Reference** | **Operational Charge** | **The following principle will apply to determine the Operational Charge** | **Total Amount per Month (£'s)** | **Total Amount per annum (£'s)** |
| --- | --- | --- | --- | --- |
| OC1 |   |  |  |  |
| OC2 |   |  |  |  |
| OC3 |   |  |  |  |
| OC4 |  |  |  |  |
| OC5 |  |  |  |  |

**APPENDIX 4**

**Charges for Costed Options**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ref.** | **Costed Option** | **Description / Specification** | **Implementation Charges (£)** | **Operational Charges (per month) (£)** |
| CO1 | Additional installation per Franchised Bus | If there are additional Franchised Bus added at a later date above the agreed numbers, we need an installation cost per Franchised Bus and unit price | £ | £ |
| CO2 | Decommission/removal | A cost to remove the Hardware from a Franchised Bus and decommission | £ | £ |
| CO3 | Advertising  | A cost to provide advertising information on display screens installed on a Franchised Buses  | £ | £ |
| CO4 | Equipment swap between Franchised Buses | A cost to move a Hardware unit from one Franchised Bus to another Franchised Bus | £ | £ |