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Department for Work and Pensions

SCHEDULE 16 INVOICING AND PAYMENT PROCEDURES

1. Invoicing

- 1.1 The CONTRACTOR shall submit correctly formatted invoices relating to the provision of the Services:
- (A) in the form of a Valid Form Invoice; and
 - (B) for Charges which are to be invoiced monthly in arrears - at the end of each month ("Invoice Period") in arrears, covering the Charges for that Invoice Period in full; and
 - (C) for Charges which are to be invoiced on the achievement of a milestone - upon achievement of that milestone.

2. Valid Form Invoice for an Invoice Period

- 2.1 A Valid Form Invoice shall consist of an invoice produced and submitted to the AUTHORITY strictly in accordance with this Schedule 16 (Invoicing and Payment Procedures) and the procedures relating to Charges detailed in Schedule 15 (Charges).
- 2.2 Subject to paragraph 2.4 of this Schedule 16 (Invoicing and Payment Procedures), the Valid Form Invoice for an Invoice Period shall on every occasion contain the following line item headings, followed in each case by an appropriate breakdown of the applicable Charges:
- (A) Line 1 – Managed Services Charge for the Invoice Period:
 - Monthly Fixed Charge
 - of which Charges relating to Service Build
 - Monthly Variation charge;
 - (B) Line 2 - Transition (including the CONTRACTOR Cost of Financing) Recurring Monthly Charge for the Invoice Period;
 - (C) Line 3 – Hosting Services for the Invoice Period:
 - Data Centre Space Rental Services Charge inclusive of Hosting Set-Up Charge
 - Data Centre Operations Services Charge;
 - (D) Line 4 – Disaster Recovery Services Charge:
 - Disaster Recovery Project Charge
 - Second Data Centre Space Rental Service Charge
 - Second Data Centre Operational Service Charge;

- (E) Line 5 - Development Services Charge for the Invoice Period:
 - Monthly Fixed Charge
 - Monthly Variable Charge;
- (F) Line 6 – Miscellaneous Charges as agreed from time to time between the AUTHORITY and the CONTRACTOR;
- (G) Line 7 – Expenses claimed in accordance with Schedule 15 (Charges) relating to the Invoice Period;
- (H) Line 8 – CIP initiatives net savings/net benefits share relating to the Invoice Period;
- (I) Line 9 – Service Credits relating to the Invoice Period (including details of how such Service Credits have been calculated); and
- (J) Line 10 – VAT chargeable as applicable.

2.3 Subject to paragraph 2.4 of this Schedule, the Valid Form Invoice for Charges invoiced on the achievement of a milestone (Transformation Charges, Ad-Hoc Project Services Charges including CIP projects, Transition initial payment, Ad Hoc Testing) shall on every occasion contain the following line item headings, followed in each case by an appropriate breakdown of the applicable Charges:

- (A) Line 1 – Charges related to the achieved milestone, including, if applicable, summary details of the Change, together with the CCN number;
- (B) Line 2 – any credit note(s) to be applied against the invoice;
- (C) Line 3 – Miscellaneous Charges as agreed from time to time between the AUTHORITY and the CONTRACTOR;
- (D) Line 4 – Expenses claimed in accordance with Schedule 15; and
- (E) Line 5 – VAT chargeable as applicable.

2.4 Where any liquidated damages, gainshare, bonus or any element of the Charges which do not appear to properly fall within the context of one of the above line item headings are payable, then any such element shall be detailed in the Valid Form Invoice in full under an additional and appropriate line item heading.

2.5 The CONTRACTOR shall only submit invoices to the AUTHORITY denominated in sterling. Notwithstanding the foregoing, if the United Kingdom joins the European Monetary Union (and provided always that the exchange rate for conversion between sterling and the Euro has been fixed), the AUTHORITY shall, at any time thereafter, upon giving three (3) month's Notice to the CONTRACTOR, be entitled to require the CONTRACTOR at no additional charge to the AUTHORITY to convert the Charges from sterling into Euros in accordance with EC Regulation number 1103/97.

2.6 The CONTRACTOR may claim interest on any late payments under this Schedule 16 (other than any payment withheld under paragraph 3 below) under the Late Payment of Commercial Debts Act 1998.

- 2.7 In addition to submitting a Valid Form Invoice for an Invoice Period and/or submitting a Valid Form Invoice for Charges invoiced on the achievement of a milestone, the CONTRACTOR shall submit to the AUTHORITY an Invoice Generation Pack.
- 2.8 The Invoice Generation Pack is not to operate as an invoice for payment but rather as an appropriate and relevant information bundle to enable the AUTHORITY to verify that the information used to generate the Charges is accurate and conforms to the charging model detailed in Schedule 15 (Charges) and a detailed breakdown of Miscellaneous Charges, Expenses and Credit Notes. The contents of the Invoice Generation Pack shall be further agreed by the Parties during Transition and shall include at least the following elements:
- (A) Valid Form Invoice;
 - (B) details of any expenses and miscellaneous costs;
 - (C) Service Levels achieved during the Invoice Period and cumulative for the Year;
 - (D) KPIs achieved during the Invoice Period and cumulative for the Year;
 - (E) reconciliation of Service Credits (if applicable);
 - (F) milestones statement for Ad Hoc Projects Services and Development Services;
 - (G) number of Maintenance Releases during the Invoice Period and cumulative for the Year;
 - (H) number of Service Builds during the Invoice Period and cumulative for the Year;
 - (I) bonus pot calculator;
 - (1) Continuous Improvement;
 - (2) gainshare; and
 - (3) adjustments of bonus pot for LDs.
- 2.9 The AUTHORITY shall be entitled to reject any invoice received from the CONTRACTOR, which is not a Valid Form Invoice with an Invoice Generation Pack.
- 2.10 The AUTHORITY shall use all reasonable endeavours to notify the CONTRACTOR of the reason for rejection of any invoice by the AUTHORITY within five (5) Working Days of the date of receipt of the invalid invoice in writing or by e-mail.
- 2.11 The AUTHORITY will authorise a Valid Form Invoice provided that it meets the format described at paragraphs 2.2 or 2.3 above. Subject to this paragraph 2.11 and paragraph 3.2 below, the AUTHORITY shall make payment in full to the CONTRACTOR within thirty (30) days of the date of receipt of the Valid Form Invoice.
3. **Invoice Dispute Resolution**
- 3.1 The AUTHORITY must raise any issues or discrepancies arising from an invoice in writing or by e-mail with the CONTRACTOR within five (5) Working Days from the date of receipt of the Invoice Generation Pack. Any such issues and discrepancies raised by the AUTHORITY shall be discussed with the CONTRACTOR and the Parties shall use their

reasonable endeavours to resolve any such issues and discrepancies in good faith within three (3) Working Days of the AUTHORITY raising the issue or discrepancy.

- 3.2 Any resultant changes required to the Charges invoiced in relation to an Invoice Period and agreed by the Parties as a result of paragraph 3.1 above will be corrected and the Valid Form Invoice and Invoice Generation Pack resubmitted.
- 3.3 If any issue or discrepancy remains unresolved, the AUTHORITY shall have the right to withhold from the payment of the invoice the amount which has remained in dispute. The Parties shall use the Escalation Procedure and the Dispute Resolution Procedure to resolve the outstanding issue or discrepancy.
- 3.4 In relation to an invoice based on achievement of milestone, the AUTHORITY may withhold payment for any element of the Charges which it reasonably believes to be incorrect or unsubstantiated whilst paying the balance of the invoice. The Parties shall use the Escalation Procedure and the Dispute Resolution Procedure to resolve the outstanding issue or discrepancy.
- 3.5 Where it is subsequently agreed or determined that the amount in dispute is payable by the AUTHORITY then the AUTHORITY will pay such amount within thirty (30) days of the date of such agreement or determination.
- 3.6 Notwithstanding paragraph 3.1 above, where Service Credits and/or gainshare have been agreed between the Parties in accordance with Schedule 4 (KPIs, Service Levels and Service Credits) and Schedule 15 (Charges) then these cannot be amended.

4. **Service Credits**

- 4.1 The Service Credits for each Invoice Period will be calculated in accordance with Schedule 4 (KPIs, Service Levels and Service Credits) and Schedule 15 (Charges).
- 4.2 If Service Credits are payable the CONTRACTOR shall deduct the amount of the Service Credits from the Charges otherwise due in respect of the next following Invoice Period or any other period agreed with the AUTHORITY.
- 4.3 The validation of the Service Credit calculation shall not delay the payment of a Valid Form Invoice. The AUTHORITY shall pay the amount invoiced and any changes to that amount as a result of the validation of the Service Credit calculation will be dealt with by way of credit notes or as an additional invoice within 30 days of receipt of the initial Valid Form Invoices.

5. **Other Adjustments**

- 5.1 The AUTHORITY and the CONTRACTOR will agree any invoicing adjustments at the monthly meetings of Operations Board (as defined in Schedule 13 Governance & Reporting). Each Party will take into account and agree a reconciliation of liquidated damages, Service Credits and any extra expenditures incurred during the provision of the Services.