

**LONDON CYCLE HIRE SCHEME AGREEMENT**

**Schedule 7 – Charging**

**CHARGING**

**1 Scope**

1.1 In this Schedule 7, the following matters are dealt with:

- (a) the Service Charges, including the:
  - (i) Design Charges;
  - (ii) Build Charges;
  - (iii) Milestone Payments;
  - (iv) Project Management Charges;
  - (v) Unit Charges;
  - (vi) Monthly Operational Charges;
  - (vii) Pass Through Costs; and
  - (viii) other sums to be invoiced to TTL for the Services provided by the Service Provider;
- (b) the Financial Model;
- (c) the method by which the Service Provider must issue Invoices in respect of the Service Charges and other sums to be invoiced to TTL for the Services provided by the Service Provider; and
- (d) the format in which Invoices shall be submitted to TTL.

**2 Service Provider's Account**

Payments by TTL to the Service Provider in accordance with this Schedule 7 shall be made to the following account:

■	■	■
■	■	■
■	■	■

### 3 Design Services

#### 3.1 Phase 2 Sites

- (a) The total Design Charges for the provision of Design Services in respect of the Phase 2 Sites (as defined in Schedule 42 (*Phase 2 Site Design*)) shall be [REDACTED]. For the avoidance of doubt, the Service Provider shall provide TTL with a minimum of two hundred and fifty (250) Site Detailed Designs in accordance with the timescales set out at paragraph 3.4(b) (*Additional Obligations*) of Schedule 42 (*Phase 2 Site Design*).
- (b) In consideration of and on the delivery of Site Detailed Designs in accordance with the provisions of Schedule 42 (*Phase 2 Site Design*), the Service Provider shall be entitled to raise Invoices for the total Design Charges in six (6) Monthly equal instalments, as set out in Table 1.1 (*Design Charges - Phase 2 Sites*) below, commencing February 2011:

**Table 1.1: Design Charges - Phase 2 Sites**

Month	Design Charge
February 2011	[REDACTED]
March 2011	[REDACTED]
April 2011	[REDACTED]
May 2011	[REDACTED]
June 2011	[REDACTED]
July 2011	[REDACTED]
<b>Total Design Charges</b>	[REDACTED]

- (c) In the event that TTL requests the Service Provider to prepare additional Site Detailed Designs:
- (i) for the first thirty (30) additional Site Detailed Designs (i.e. between two hundred and fifty one (251) and two hundred and eighty (280) Site Detailed Designs), the Unit Charges set out in Annex F (*Priced Processes – Phase 2 Site Design*) shall apply; and
- (ii) for any Site Detailed Designs in excess of two hundred and eighty (280) Site Detailed Designs, the Parties shall agree the relevant charges in accordance with the Change Control Request Procedure.
- (d) The Service Provider shall raise Invoices for the Design Charges set out in Table 1.1 (*Design Charges – Phase 2 Sites*) above in accordance with this Schedule 7 and format set out in Annex C.1 (*Invoice – Fixed Charge Example*).

#### 3.2 Phase 3 Sites

- (a) The total Design Charges for the provision of Phase 3 Design Assurance Services in respect of the Phase 3 Sites (as defined in Schedule 46 (*Phase 3 Docking Station Implementation*)) shall be [REDACTED]. For the avoidance of doubt, the Service Provider shall provide TTL with the Phase 3 Design Assurance Services in accordance with the scope and timescales set out at Part I (Phase 3 Site Design Assurance) of Schedule 46 (*Phase 3 Docking Station Implementation*).
- (b) In consideration of and on the delivery of the Phase 3 Design Assurance Services in respect of the Phase 3 Sites in accordance with the provisions of Schedule 46

(Phase 3 Docking Station Implementation), the Service Provider shall be entitled to raise Invoices for the total Design Charges in six (6) Monthly instalments, as set out in Table 1.2 (*Design Charges - Phase 3 Sites*) below, commencing August 2012:

**Table 1.2: Design Charges - Phase 3 Sites**

Month	Design Charge
August 2012	
September 2012	
October 2012	
November 2012	
December 2012	
January 2013	
<b>Total Design Charges</b>	

- (c) The Service Provider shall raise Invoices for the Design Charges in respect of Phase 3 Sites set out in Table 1.2 (*Design Charges – Phase 3 Sites*) above in accordance with this Schedule 7 and format set out in Annex C.1 (*Invoice – Fixed Charge Example*).

### 3.3 Phase 4 Sites

No Design Charges apply in respect of the Phase 4 Sites.

### 3.4 Intensification

- (a) In respect of Initial Intensification, no Design Charges apply as at the Phase 4 Effective Date, but the Parties acknowledge that if additional resources are properly required by the Service Provider to provide the Design Assurance Services for Initial Intensification, then the Parties will agree what Design Charges shall apply pursuant to the Change Control Request Procedure.
- (b) In respect of any Future Intensification, the Design Charges shall be detailed in the relevant Change Control Request.

## 4 Design Services and Build Services

4.1 In consideration for the provision of Design Services, Build Services, Project Management Services and Transition Services to be provided by the Service Provider in accordance with this Agreement, TTL shall pay the Service Provider:

- (a) In respect of Phase 2:
- (i) Milestone Payments for the provision of the Phase 2 Service Systems Design and Build Services;
  - (ii) Project Management Charges for the provision of the Project Management Services;
  - (iii) Build Charges for the provision of the Transition Services; and
  - (iv) Unit Charges for the:
    - (A) provision of the relevant Build Services; and

- (B) purchase of Bicycles, Terminals, Docking Stations and related equipment,

as set out in this Schedule 7 (*Charging*).

(b) In respect of Phase 3:

- (i) Milestone Payments for the provision of the Phase 3 Build Services and Transition Services;

- (ii) Project Management Charges for the provision of the Project Management Services; and

- (iii) Unit Charges for the:

- (A) provision of the relevant Build Services; and

- (B) purchase of Bicycles, Terminals, Docking Stations and related equipment,

as set out in this Schedule 7 (*Charging*).

(c) In respect of Phase 4 and Initial Intensification:

- (i) Project Management Charges for the provision of the Project Management Services; and

- (ii) No Build Charges apply in respect of Transition Services, as there will be no Transition Services for Phase 4 and/or Initial Intensification; and

- (iii) Unit Charges for the:

- (A) provision of the relevant Build Services; and

- (B) purchase of Bicycles, Terminals, Docking Stations and related equipment,

as set out in this Schedule 7 (*Charging*).

- (d) In respect of any Future Intensification, the Charges shall be detailed in the relevant Change Control Request.

#### 4.2 Milestone Payments

(a) Phase 2

- (i) The total Milestone Payments for the provision of Phase 2 Service Systems Design and Build Services in accordance with the Statement of Requirements and Milestones set out in Schedule 3 (*Milestones and Deliverables*) are [REDACTED]

- (ii) In consideration of and on the successful achievement of each Key Milestone set out in Table 2.1 (*Milestone Payments – Service Systems*) in accordance with the provisions of:

- (A) Schedule 3 (*Milestones and Deliverables*); and

- (B) Schedule 4 (*Testing Regime*),

the Service Provider shall be entitled to raise an Invoice for the relevant Milestone Payment.

**Table 2.1: Milestone Payments – Service Systems**

Key Milestones	Milestone Payment
Milestone 7 – Phase 2 Go-Live	[REDACTED]
Milestone 7a – Job Scheduling, Bicycle Tracking and other Stage 3 Enhancements	[REDACTED]
Milestone 8a – Amex/JCB Card Acceptance	[REDACTED]
Milestone 11a – Phase 2 Service Systems Ready for Go-Live (Gravelly) and Stage 4 Testing and Detailed Design Complete Part 2	[REDACTED]
Milestone 11b – Phase 2 Service Systems Ready for Go-Live (Laburnum)	[REDACTED]
Milestone 11c – Implementation of Refund Functionality	[REDACTED]
Milestone 12a – Phase 2 Operational Review Complete Part I	[REDACTED]
Milestone 12b - Phase 2 Operational Review Complete Part II	[REDACTED]
<b>Total Milestone Payments</b>	[REDACTED]

(iii) The Service Provider shall not be incentivised over and above the Milestone Payments set out in Table 2.1 (*Milestone Payments – Service Systems*) above.

(iv) The Service Provider shall raise Invoices for the Milestone Payments set out in Table 2.1 (*Milestone Payments – Service Systems*) above in accordance with this Schedule 7 and in the format set out in Annex C.1 (*Invoice – Fixed Charge Example*).

(b) Phase 3

(i) The total Milestone Payments for the provision of Phase 3 Build Services and Transition Services in accordance with the Statement of Requirements and Milestones set out in Schedule 3 (*Milestones and Deliverables*) are [REDACTED]

(ii) In consideration of and on the successful achievement of each Key Milestone set out in Table 2.2 (*Milestone Payments – Operations*) in accordance with the provisions of:

(A) Schedule 3 (*Milestones and Deliverables*); and

(B) Schedule 4 (*Testing Regime*),

the Service Provider shall be entitled to raise an Invoice for the relevant Milestone Payment.

**Table 2.2: Milestone Payments – Operations**

Key Milestones	Milestone Payment
Milestone 1 – Operations Plans and Assets	[REDACTED]
Milestone 3 – Operations Ready for Service 2	[REDACTED]
Milestone 5 – Operations Ready for Service Complete	[REDACTED]

Milestone 6 – Phase 3 Go-Live		
Milestone 7 – Phase 3 Operational Review Complete		
<b>Total Milestone Payments</b>		

- (c) The Service Provider shall not be incentivised over and above the Milestone Payments set out in Table 2.2 (*Milestone Payments – Operations*) above.
- (d) The Service Provider shall raise Invoices for the Milestone Payments set out in Table 2.2 (*Milestone Payments – Operations*) above in accordance with this Schedule 7 and in the format set out in Annex C.1 (*Invoice – Fixed Charge Example*).
- (e) The Service Provider shall be entitled to receive the Milestone Payment for Milestone 6 (*Phase 3 Go-Live*) set out in Table 2.2 (*Milestone Payments – Operations*) above before the Final Date for Payment in respect of that Milestone and before 31 December 2013, provided and only if it achieves a Notice of Approval in accordance with Schedule 3 (*Milestones and Deliverables*) for that Milestone by 13 December 2013.
- (c) Phase 4 and Initial Intensification  
No Milestone Payments apply to Phase 4 and Initial Intensification.
- (d) Future Intensification  
The Milestone Payments (if any) in respect of any Future Intensification shall be detailed in the relevant Change Control Request.

4.3 Project Management Charges

- (a) Phase 2
  - (i) The total Project Management Charges for the provision of the Project Management Services in respect of Phase 1 and Phase 2 are [REDACTED].
  - (ii) In consideration of the provision of the Project Management Services in accordance with the provisions of:
    - (A) Tables 7 and 8 of Annex A (*Financial Model*) of Schedule 7 (*Charging*); and
    - (B) the on-street delivery elements of the Level 0 Plan of the Service Provider Solution,
 the Service Provider shall be entitled to raise Invoices for this sum in nine (9) Monthly equal instalments, as set out in Table 3.1 (*Project Management Charges – Phase 2*) below, commencing June 2011.

**Table 3.1: Project Management Charges – Phase 2**

Month	Project Management Charge
June 2011	[REDACTED]
July 2011	[REDACTED]
August 2011	[REDACTED]

September 2011		
October 2011		
November 2011		
December 2011		
January 2012		
February 2012		
<b>Total Project Management Charges</b>		

(iii) The Service Provider shall raise Invoices for the Project Management Charges set out in Table 3.1 (*Project Management Charges – Service Systems*) above in accordance with this Schedule 7 and in the format set out in Annex C.1 (*Invoice – Fixed Charge Example*).

(b) Phase 3

(i) The total Project Management Charges for the provision of the Project Management Services in respect of Phase 3 are [REDACTED]

(ii) In consideration of the provision of the Project Management Services for Phase 3 in accordance with the provisions of:

(A) Table 2 of Annex A.1 (*Phase 3 Financial Model*) of Schedule 7 (*Charging*); and

(B) the on-street delivery elements of the Level 0 Plan of the Service Provider Solution,

the Service Provider shall be entitled to raise Invoices for this sum in thirteen (13) Monthly instalments, as set out in Table 3.2 (*Management Charges – Phase 3*) below, commencing March 2013.

**Table 3.2: Project Management Charges – Phase 3**

Month	Project Management Charge
March 2013	
April 2013	
May 2013	
June 2013	
July 2013	
August 2013	
September 2013	
October 2013	
November 2013	
December 2013	
January 2014	
February 2014	
March 2014	
<b>Total Project Management Charges</b>	

(iii) The Service Provider shall raise Invoices for the Project Management Charges set out in Table 3.2 (*Project Management Charges – Operations*) above in accordance with this Schedule 7 and in the format set out in Annex C.1 (*Invoice – Fixed Charge Example*).



- (c) Phase 4 and Initial Intensification:
- (i) The total Project Management Charges for the provision of the Project Management Services in respect of Phase 4 and Initial Intensification are [REDACTED].
- (ii) In consideration of the provision of the Project Management Services for Phase 4 and Initial Intensification in accordance with the provisions of:
- (A) Table 19 of Annex A.3 (*Phase 4 and Intensification Financial Model*) of Schedule 7 (*Charging*); and
- (B) the on-street delivery elements of the Level 0 Plan of the Service Provider Solution,

the Service Provider shall be entitled to raise Invoices for this sum in eight (8) Monthly instalments, as set out in Table 3.3 (*Management Charges – Phase 4 and Initial Intensification*) below, commencing August 2015.

**Table 3.3: Project Management Charges – Phase 4 and Initial Intensification**

Month	Project Management Charge
August 2015	[REDACTED]
September 2015	[REDACTED]
October 2015	[REDACTED]
November 2015	[REDACTED]
December 2015	[REDACTED]
January 2016	[REDACTED]
February 2016	[REDACTED]
March 2016	[REDACTED]
<b>Total Project Management Charges</b>	[REDACTED]

- (iii) The Service Provider shall raise Invoices for the Project Management Charges set out in Table 3.3 (*Project Management Charges – Phase 4 and Initial Intensification*) above in accordance with this Schedule 7 and in the format set out in Annex C.1 (*Invoice – Fixed Charge Example*).

- (d) Future Intensification

The Project Management Charges in respect of any Future Intensification shall be detailed in the relevant Change Control Request.

#### 4.4 Transition Charges:

- (a) Phase 2
- (i) The total Build Charges for the provision of the Transition Services in accordance with the following components of the Service Provider Solution:
- (A) LCHS Ops IAF Response
- (B) LCHS Phase 2 Contact Centre IAF, and
- (C) transition elements of the Level 0 Plan,

are [REDACTED]. In consideration of the provision of the Transition Services in accordance with the Service Provider Solution and Level 0 Plan, the Service Provider shall be entitled to raise Invoices for this sum in three (3) instalments, as set out in Table 4.1 (*Phase 2 Build Charges – Transition Services*) below, commencing October 2011:

**Table 4.1: Phase 2 Build Charges – Transition Services**

Month	Build Charge
October 2011	[REDACTED]
December 2011	[REDACTED]
February 2012	[REDACTED]
<b>Total Build Charges</b>	[REDACTED]

(ii) The Service Provider shall raise Invoices for the Build Charges set out in Table 4.2 (*Phase 2 Build Charges – Transition Services*) above in accordance with this Schedule 7 and in the format set out in Annex C.1 (*Invoice – Fixed Charge Example*).

(b) Phase 3

The total Build Charges for the provision of the Transition Services in respect of Phase 3 are included in the Project Management Charges for Phase 3 set out in paragraph 4.3(b) (Project Management Charges) above.

(c) Phase 4 and Initial Intensification

No Build Charges apply in respect of Transition Services, as there will be no Transition Services for Phase 4 and/or Initial Intensification.

#### 4.5 Unit Charges

(a) Phase 2 – Build Services

(i) The Unit Charges used to calculate the Build Charges in respect of Phase 2 for the activities required to construct and install a Docking Station in accordance with the provisions of Schedules 43 (*Phase 2 Civil Works*) and 44 (*Phase 2 Site and Traffic Management*) are set out at:

(C) Table D.1 (*Phase 1 and Phase 2 Implementation Works Costs*) at Annex D; and

(D) Table F.1 (*Priced Processes – Phase 2 Site Design*),

to this Schedule 7.

(ii) The Service Provider shall be entitled to raise an Invoice for the Build Charges (based on the Unit Charges referred to in paragraph 4.5(a)(i) above) for the provision of the Build Services in respect of the construction and installation of Docking Stations that Month in accordance with and subject to the provisions of:

(A) paragraph 9 (*Payment*) of Schedule 43 (*Phase 2 Civil Works*); and

(B) paragraph 9 (*Payment*) of Schedule 44 (*Phase 2 Site Design and Traffic Management*).

- (iii) The Service Provider shall raise Invoices for the Build Charges referred to in this paragraph 4.5(a) in accordance with this Schedule 7 and in the format set out in Annex C.1 (*Invoice – Fixed Charge Example*).
- (b) Phase 3 - Build Services
  - (i) The Unit Charges used to calculate the Build Charges in respect of Phase 3 for the activities required to install a Docking Station in accordance with the provisions of Schedule 46 (Phase 3 Docking Station Implementation) are set out at:
    - (A) Table D.1.1 (*Phase 3 Implementation Works Costs*) at Annex D; and
    - (B) Table D.2 (*Implementation Infrastructure Costs*) at Annex D,to this Schedule 7.
  - (ii) The Service Provider shall be entitled to raise an Invoice for the Build Charges (based on the Unit Charges referred to in paragraph 4.5(b)(i) above) for the provision of the Build Services in respect of the installation of Docking Stations that Month in accordance with and subject to the provisions of paragraph 9 (*Payment*) of Schedule 46 (*Phase 3 Docking Station Implementation*).
  - (iii) The Service Provider shall raise Invoices for the Build Charges referred to in this paragraph 4.5(b) in accordance with this Schedule 7 and in the format set out in Annex C.1 (*Invoice – Fixed Charge Example*).
- (c) Phase 4 Civil Works

The Charges for the Phase 4 Civil Works (as defined in Schedule 47 (*Phase 4 and Intensification Docking Station Implementation*)) shall be calculated and paid in accordance with the provisions of Schedule 47 (*Phase 4 and Intensification Docking Station Implementation*) and the QEOP Rate Card (as defined in Schedule 47 (*Phase 4 and Intensification Docking Station Implementation*)).
- (d) Phase 4 and Initial Intensification - Installation
  - (i) The Unit Charges used to calculate the Build Charges in respect of Phase 4 and Initial Intensification and any Future Intensification for the activities required to install a Docking Station in accordance with the provisions of Schedule 47 (*Phase 4 and Intensification Docking Station Implementation*) are set out at Table D.1.2 (*Phase 4 Installation and Construction Works Costs*) at Annex D to this Schedule 7.
  - (ii) The Service Provider shall be entitled to raise an Invoice for the Build Charges (based on the Unit Charges referred to in paragraph 4.5(d)(i) above) for the provision of the Build Services in respect of the installation of Docking Stations that Month in accordance with and subject to the provisions of paragraph 9 (*Payment*) of Schedule 47 (*Phase 4 and Intensification Docking Station Implementation*).
  - (iii) The Service Provider shall raise Invoices for the Build Charges referred to in this paragraph 4.5(d) in accordance with this Schedule 7 and in the format set out in Annex C.1 (*Invoice – Fixed Charge Example*).
- (e) Future Intensification

The Unit Charges in respect of any Future Intensification shall be detailed in the relevant Change Control Request.

4.6 Unit Charges – Bicycles, Terminals, Docking Stations and related equipment

(a) Phase 2

(i) Subject to paragraph 4.6(a)(ii) below, the Service Provider shall be entitled to raise an Invoice for the sum of the relevant Unit Charges for the following items:

(A) Bicycles in accordance with the Unit Charges set out at Table D.3 (*Bicycle and Bicycle Parts Provision*) at Annex D to this Schedule 7; and

(B) Terminals, Docking Points and related equipment in accordance Terminals, Docking Points and related equipment is set out at Table D.2 (*Implementation Infrastructure Costs*) at Annex D to this Schedule 7,

following the Service Provider's receipt of the relevant LCHS Asset and production of the relevant goods receipt note for delivery of the relevant LCHS Assets into the Premises notified by the Service Provider to TTL from time to time.

(ii) TTL shall pay the Unit Charges for the volume of Bicycles, Terminals, Docking Stations and related equipment set out in Annex G (*Phase 2 Bicycles, Terminals, Docking Stations and related equipment*) of this Schedule 7 and any such other volumes agreed by TTL in accordance with:

(A) the Change Control Procedure; and

(B) Schedule 43 (*Phase 2 Civil Works*).

(iii) For the purposes of the Unit Charges referred to in this paragraph 4.6(a) and related Invoices:

(A) paragraph 12.1 (*Presentation of Invoices*) of this Schedule 7 shall not apply; and

(B) the Service Provider shall raise Invoices for the relevant Unit Charges referred to in this paragraph 4.6(a) in accordance with this Schedule 7 and in the format set out in Annex C.3 (*Invoice – Variable Charge Example*).

(b) Phase 3

(i) Subject to paragraph 4.6(b)(ii), the Service Provider shall be entitled to Invoice for the sum of the relevant Unit Charges for the following items:

(A) Bicycles in accordance with the Unit Charges set out at Table D.3 (*Bicycle and Bicycle Parts Provision*) at Annex D to this Schedule 7; and

(B) Terminals, Docking Points and related equipment in accordance Terminals, Docking Points and related equipment is set out at

Table D.2 (*Implementation Infrastructure Costs*) at Annex D to this Schedule 7,

following the Service Provider's receipt of the relevant LCHS Asset and production of the relevant goods receipt note for delivery of the relevant LCHS Assets into the Premises notified by the Service Provider to TTL from time to time.

- (ii) TTL shall pay the Unit Charges for the volume of Bicycles, Terminals, Docking Stations and related equipment set out in Annex H (*Phase 3 Bicycles, Terminals, Docking Stations and related equipment*) of this Schedule 7 and any such other volumes agreed by TTL in accordance with:
  - (A) the Change Control Procedure; and
  - (B) Schedule 46 (*Phase 3 Docking Station Implementation*).
- (iii) For the purposes of the Unit Charges referred to in this paragraph 4.6(b) and related Invoices:
  - (A) paragraph 12.1 (*Presentation of Invoices*) of this Schedule 7 shall not apply; and
  - (B) the Service Provider shall raise Invoices for the relevant Unit Charges referred to in this paragraph 4.6(b) in accordance with this Schedule 7 and in the format set out in Annex C.3 (*Invoice – Variable Charge Example*).
- (c) Phase 4 and Initial Intensification
  - (i) Subject to paragraph 4.6(c)(ii), the Service Provider shall be entitled to Invoice for the sum of the relevant Unit Charges for the following items:
    - (A) Bicycles in accordance with the Unit Charges set out in Change Control Request reference LCHS276 (*Bike Order for QEOP and Intensification*); and
    - (B) Terminals, Docking Points and related equipment in accordance with the Unit Charges set out in Change Control Request reference LCHS241 (*Asset Stock Supply 2015/16*),

following the Service Provider's receipt of the relevant LCHS Asset and production of the relevant goods receipt note for delivery of the relevant LCHS Assets into the Premises notified by the Service Provider to TTL from time to time.

- (ii) TTL shall pay the Unit Charges referred to in paragraph 4.6(c)(i) for the volume of Bicycles, Docking Points and Docking Stations set out in Annex J (*Phase 4 and Initial Intensification - Bicycles, Docking Points and Docking Stations*) of this Schedule 7 and any such other volumes agreed by TTL in accordance with:
  - (A) the Change Control Procedure; and

(B) Schedule 47 (*Phase 4 and Intensification Docking Station Implementation*).

(iii) For the purposes of the Unit Charges referred to in this paragraph 4.6(c) and related Invoices:

(A) paragraph 12.1 (*Presentation of Invoices*) of this Schedule 7 shall not apply; and

(B) the Service Provider shall raise Invoices for the relevant Unit Charges referred to in this paragraph 4.6(c) in accordance with this Schedule 7 and in the format set out in Annex C.3 (*Invoice – Variable Charge Example*).

(b) Future Intensification

The Unit Charges in respect of any Future Intensification shall be detailed in the relevant Change Control Request.

**5 Implementation Services: Milestone Payments and Liquidated Damages**

*Phase 1 – Liquidated Damages*

5.1 Liquidated Damages due and payable in respect of Phase 1 shall be calculated in accordance with the provisions of Schedule 7 (*Charging*) to the Current Agreement as may have been amended by a Delay Plan Approved by TTL from time to time and not this Schedule 7 (*Charging*).

*Phase 2 – Liquidated Damages*

5.2 Liquidated Damages in respect of Phase 2, shall be due and payable in accordance with the provisions of Clause 15.1 (*Failure to Achieve Milestones*) and based on the amounts as set out in Table 5.1 (*Service Systems Implementation – Liquidated Damages*) below:

**Table 5.1: Service Systems Implementation – Liquidated Damages**

Key Milestones	Amount of Liquidated Damages (subject to paragraphs 5.2A.1 and 5.2A.2) per calendar day (or part of a calendar day) applicable where there is a delay in achieving a Key Milestone by the relevant Milestone Date
Milestone 7 – Phase 2 Go-Live	[REDACTED]
Milestone 7a - Job Scheduling, Bicycle Tracking and other Stage 3 Enhancements	Not applicable
Milestone 8a – Amex/JCB Card Acceptance	Not applicable
Milestone 10 – Stage 4 Testing and Detailed Design Complete Part 1	Not applicable
Milestone 11a – Phase 2 Service Systems Ready for Go-Live (Gravelly) and Stage 4 Testing and Detailed Design Complete Part 2	[REDACTED] Refer to paragraphs 5.2A.1 and 5.2A.2.
Milestone 11b – Phase 2 Service	Not applicable

Systems Ready for Go-Live (Laburnum)	
Milestone 11c – Implementation of Refund Functionality	Not applicable
Milestone 12a – Phase 2 Operational Review Complete Part I	Refer to paragraph 5.2A.2
Milestone 12b – Phase 2 Operational Review Complete Part II	Refer to paragraph 5.2A.2

5.2A1 Prior to the implementation of Change Control Request LCHS152 referred to in paragraph 5.2A.2 below, the Parties agreed to replace Key Milestone 11 and to new Milestone Dates and Milestone Payments in respect of the Milestones 9 to 12 (inclusive). The Service Provider acknowledges and accepts that TTL was not obliged to agree to such changes and that TTL only did so on the condition that Liquidated Damages in the sum of [REDACTED] would become immediately due and payable to TTL if the Service Provider failed to achieve Key Milestone 11a by its Milestone Date on account of the Liquidated Damages which would otherwise have accrued in respect of Milestone 11 (at the rate of [REDACTED] per calendar day (or part thereof) up to a maximum of [REDACTED]. The Service Provider subsequently failed to achieve Key Milestone 11a by its Milestone Date and has now paid to TTL Liquidated Damages in the sum of [REDACTED] in accordance with Clause 15.1.

5.2A2 Pursuant to Change Control Request LCHS152, the Service Provider has requested (and TTL has agreed to) new Key Milestones, Milestone Dates and Milestone Payments in respect of Milestones 11 and 12. The Service Provider acknowledges and accepts that TTL is not obliged to agree to such changes and that TTL's agreement is conditional upon the following terms of this paragraph. Liquidated Damages in the sum of [REDACTED] (in respect of Key Milestone 11a), [REDACTED] (in respect of Key Milestone 12a) and [REDACTED] (in respect of Key Milestone 12b) shall be immediately due and payable to TTL by the Service Provider in accordance with Clause 15.1 if the Service Provider fails to achieve the relevant Key Milestone by its Milestone Date.

#### *Phase 3 – Liquidated Damages*

5.2B Liquidated Damages in respect of Phase 3, shall be due and payable in accordance with the provisions of Clause 15.1 (*Failure to Achieve Milestones*) and based on the amounts as set out in Table 5.2 (*Operations Implementation – Liquidated Damages*) below:

**Table 5.2: Operations Implementation – Liquidated Damages**

Key Milestones	Amount of Liquidated Damages per calendar day (or part of a calendar day) applicable where there is a delay in achieving a Key Milestone by the relevant Milestone Date
Milestone 6 - Phase 3 Go-Live	[REDACTED] for the LD Period
Milestone 7 – Phase 3 Operational Review Complete	[REDACTED] for the LD Period

5.3 In the event that Key Milestones are agreed in accordance with Schedule 33 (*Additional Services*) and the Change Control Request Procedure for Additional Services, the Service Provider shall pay TTL Liquidated Damages in such amounts (such amounts to represent a genuine pre-estimate of the loss which TTL would suffer as a result of the Service Provider failing to achieve the relevant Key Milestone by the relevant Milestone Date and the

consequent delay in achieving such Key Milestone) and on such basis as is agreed as part of the Change Control Request Procedure.

- 5.4 If additional Key Milestones are agreed as part of the Change Control Request Procedure, the Service Provider shall pay TTL Liquidated Damages in such amounts (such amounts to represent a genuine pre-estimate of the loss which TTL would suffer as a result of the Service Provider failing to achieve the relevant Key Milestone by the relevant Milestone Date and the consequent delay in achieving such Key Milestone) and on such basis as is agreed as part of the Change Control Request Procedure.
- 5.5 Any dispute as to the quantum of Liquidated Damages payable shall be referred to the Dispute Resolution Procedure.
- 5.6 The Parties agree that the retention by TTL of sums or deduction of any sums from a particular Milestone Payment in accordance with this Agreement will not result in an increase in any other Milestone Payment.

## **6 Operational Services: Operational Charges and Other Sums Due**

- 6.1 Subject to paragraph 6.2 below, TTL shall pay the Operational Charges set out in Table 6 (*Operational Charges*) below and, if applicable, the Incentive Payment in accordance with the provisions of Schedule 5 (*Service Level Agreement*), to the Service Provider each Month (the “**Monthly Operational Charges**”):

**Table 6: Operational Charges**

<b>Operational Charge</b>	<b>Amount per Month</b>	<b>Note</b>
<b>Phase 1 Operational Implementation Charge</b>	[REDACTED]	The Phase 1 Operational Implementation Charge as set out in paragraph 8.1(a) of Schedule 7 ( <i>Charging</i> ) of the Current Agreement shall be payable for the period commencing on the Original Operational Commencement Date and ending on expiry of the Initial Term.
<b>Phase 1 Operational Monthly Charge</b>	[REDACTED]	The Phase 1 Operational Monthly Charge applied from the Original Operational Commencement Date, but was superseded by the Phase 2 Operational Monthly Charge.
<b>Phase 2 Operational Monthly Charge</b>	[REDACTED] following Milestone 8a Acceptance; [REDACTED] following Milestone 11b Acceptance.	The Phase 2 Operational Monthly Charge applied from the Phase Operational Commencement Date in respect of Phase 2, but shall be superseded by the Operational Monthly Charge.  The Phase 2 Operational Monthly Charge is subject to increase on each of the Milestones set out in the relevant column headed “Amount per Month”. As at the Effective Date of the Phase 3 Variation Agreement, Milestone 11b is subject to Acceptance in accordance with the terms of the Agreement.
<b>Operational Monthly Charge</b>	[REDACTED]	The Operational Monthly Charge comprises the Service Charges for the provision of the Operational Services in respect of Phase 1, Phase 2 and Phase 3 and shall be payable for the period commencing on the relevant Phase Operational Commencement Date or earlier commencement of performance of all or



Operational Charge	Amount per Month	Note
		substantial element of the Operational Services (but no earlier than 13 December 2013) in respect of Phase 3 until expiry of the Initial Term.
<b>Extended Term Operational Monthly Charge prior to Planned Operational Commencement Date for Phase 4</b>	██████████	The Extended Term Operational Monthly Charge comprises the Service Charges for the provision of the Operational Services in respect of Phase 1, Phase 2, and Phase 3 and shall be payable for the period commencing on the date immediately following expiry of the Initial Term until the Planned Operational Commencement Date for Phase 4.
<b>Extended Term Operational Monthly Charge from the Phase Effective Date for Phase 4</b>	██████████	<p>The Extended Term Operational Monthly Charge from the Phase Effective Date for Phase 4 comprises the Service Charges for the provision of the Operational Services in respect of Phase 1, Phase 2, Phase 3, Phase 4 and Initial Intensification and shall be payable for the period commencing on the Planned Operational Commencement Date for Phase 4 until expiry of the Term.</p> <p>In addition to the Extended Term Operational Monthly Charge, the Service Provider shall have the right on the Phase Effective Date for Phase 4 or 1 February 2016, whichever is the earlier, to invoice TTL for the total sum of ██████████ as one-off payment in respect of the additional Extended Term Operational Monthly Charges for providing the Operational Services in respect of the Phase 4 and Initial Intensification during the period from October 2015 upto and including the Phase Effective Date for Phase 4. TTL shall pay such invoice in accordance with the terms of this Agreement.</p>
<b>Pass Through Costs</b>	Variable	This is a variable Service Charge payable by TTL in accordance with paragraph 7 ( <i>Pass Through Costs</i> ).
<b>Management Fees and/or Novation Fees</b>	Variable	This is a variable Service Charge payable to the Service Provider by TTL in accordance with paragraph 8 ( <i>Novation/Management Fees</i> ).
<b>Variable Monthly Operational Charge – Contact Centre</b>	Variable	This is a variable Service Charge calculated in accordance with paragraph 9.1(a) ( <i>Operational Services: Variable Monthly Operational Charges</i> ).
<b>Variable Monthly Operational Charge – On-street Operations</b>	Variable	This is a variable Service Charge calculated in accordance with paragraph 9.1(b) ( <i>Operational Services: Variable Monthly Operational Charges</i> ).
<b>Bicycle Repair Variable Charge</b>	Variable	This is a variable Service Charge calculated in accordance with paragraph 9.1(c) ( <i>Operational Services: Variable Monthly Operational Charges</i> ).
<b>Bicycle Replacement Variable Charge</b>	Variable	This is a variable Service Charge calculated in accordance with paragraph 9.1(d) ( <i>Operational Services: Variable Monthly Operational Charges</i> ).

Operational Charge	Amount per Month	Note

- 6.2 Each Month, the Service Provider shall deduct from the Phase 2 Operational Monthly Charge, Operational Monthly Charge or Extended Term Operational Monthly Charge (as the case may be) a sum equal to:
- (a) Service Failure Deductions accrued and outstanding in respect of that Month in accordance with Schedule 5 (*Service Level Agreement*);
  - (b) any Service Failure Deductions:
    - (i) accrued but not deducted from the Phase 2 Operational Monthly Charge, Operational Monthly Charge or Extended Term Operational Monthly Charge (as the case may be) paid in any earlier Month, for whatever reason (except where the application of such Service Failure Deductions has been waived by TTL in its absolute discretion in accordance with Schedule 5 (*Service Level Agreement*)); or
    - (ii) otherwise due in accordance with Schedule 5 (*Service Level Agreement*) (including because the Data provided by the Service Provider in respect of any earlier Month was incorrect);
  - (c) any amounts due to TTL in accordance with Schedule 23 (*Gainsharing*);
  - (d) any costs due and payable to TTL by the Service Provider in accordance with paragraph 7.3 (*Pass Through Costs*) below; and
  - (e) any other deductions due in accordance with this Agreement, including the amounts of any overpayments made by TTL to the Service Provider.
- 6.3 The Service Charges:
- (a) for the first and the last Months of the relevant Operational Phase and of the Extended Term shall be pro-rated to reflect the number of calendar days in that Month during which the Service Provider was providing the Services; and
  - (b) during any Suspension Period, shall be limited to the Phase 2 Operational Monthly Charge, Operational Monthly Charge or Extended Term Operational Monthly Charge (as the case may be). In the event that TTL notifies the Service Provider that period of suspension is more than three (3) Months, TTL and the Service Provider shall discuss and agree (both Parties acting reasonably) opportunities for reducing the Phase 2 Operational Monthly Charge, Operational Monthly Charge or Extended Term Operational Monthly Charge (as the case may be) during such Suspension Period.
- 6.4 The Service Charges and the Day Rates set out in Table 2 (*Service Provider's Resource Rates*) of Annex G (*Principles to Apply to the Pricing of Changes to this Agreement*) to Schedule 9 (*Change Control Request Procedure*) shall be subject to adjustment on each anniversary of the Effective Date, as detailed in:
- (a) paragraphs 6.5 and 6.6 below in respect of Phase 1 and Phase 2; and
  - (b) paragraphs 6.6 and 6.7 in respect of Phase 3.

6.5 Phase 1 and Phase 2

Except for the Phase 1 Operational Implementation Charge (which is fixed for the Term) and the Milestone Payments, the Service Charges shall be adjusted in accordance with the following formula:

**P<sub>n</sub> = maximum of:**

**(i)  $P_o (1 + ((N_n - N_o)/N_o))$ ; or**

**(ii) 1**

where:

P<sub>n</sub> = new Service Charge;

P<sub>o</sub> = previous Service Charge;

N<sub>n</sub> = the Index figures six (6) Months prior to the date from which the price review shall take effect; and

N<sub>o</sub> = the Index figures for the same Month as N<sub>n</sub> in the previous year.

Note:

(A) each adjustment shall be calculated by comparing the related Index figure for the six (6) Months prior to the date from which the price review shall take effect and the same Month in the previous year; and

(B) in the event that N<sub>n</sub> is below N<sub>o</sub>, then all the above Service Charges will be indexed by 1, and will therefore be unchanged.

6.6 Phase 3, Extended Term, Phase 4 and Initial Intensification

Except for the Phase 1 Operational Implementation Charge, the Phase 3 Design Charges, the Milestone Payments and the Project Management Charges (which are all fixed for the term) and the Contact Centre Variable Monthly Charge element of the Variable Monthly Operation Charge – Contact Centre, the Service Charges shall be adjusted in accordance with the following formula:

(a) with effect from 3 May 2014 (being the first anniversary of the Phase 3 Effective Date):

**P<sub>n</sub> = maximum of:**

**(i)  $P_n = P_o (1 + ((N_n - N_o)/N_o)) - 1$ ; or**

**(ii) 0**

(b) with effect from:

(i) 3 May 2015 (being the second anniversary of the Phase 3 Effective Date);

(ii) 3 May 2016; and

(iii) 3 May 2017

**P<sub>n</sub> = maximum of:**

(i)  $P_n = P_o (1 + ((N_n - N_o)/N_o)) - 1.5$ ; or

(ii) 0

where:

P<sub>n</sub> = new Service Charge;

P<sub>o</sub> = previous Service Charge;

N<sub>n</sub> = the Index figures six (6) Months prior to the date from which the price review shall take effect; and

N<sub>o</sub> = the Index figures for the same Month as N<sub>n</sub> in the previous year.

Note:

(A) each adjustment shall be calculated by comparing the related Index figure for the six (6) Months prior to the date from which the price review shall take effect and the same Month in the previous year; and

(B) in the event that N<sub>n</sub> is below N<sub>o</sub>, then all the above Service Charges remain unchanged.

For example:

(1 + ((N <sub>n</sub> -N <sub>o</sub> )/N <sub>o</sub> ))	Adjustment		Adjustment	
	Paragraph 6.6(a)	Adjusted Index	Paragraph 6.6(b)	Adjusted Index
3%	-1	2%	-1.5	1.5%
1.1%	-1	0.1%	-1.5	0.0%
0.9%	-1	0.0%	-1.5	0.0%
0.5%	-1	0.0%	-1.5	0.0%
-2%	-1	0.0%	-1.5	0.0%

6.7 The Index applied in paragraph 6.5 and 6.6 above is the Retail Prices Index “All Items” figure as published by the Office for National Statistics currently as Table 36.

6.8 The adjustment mechanism set out in paragraph 6.5 and 6.6 above may be amended in relevant Change Control Request for any Future Intensification.

## **7 Pass Through Costs**

7.1 TTL shall, subject to the following and compliance by the Service Provider with, and TTL’s rights under, the remaining provisions of this paragraph 7 and without application of any uplift, administration fee or similar by the Service Provider, pay certain of the costs properly incurred by the Service Provider in providing the Services and as further described in this paragraph 7 (the “**Pass Through Costs**”):

- (a) the Service Provider shall not be responsible for the payment of the Power Provider's charges, which TTL shall pay directly to the Power Provider; and
- (b) Pass Through Costs are limited to the following:
  - (i) reasonable postage costs incurred by the Service Provider directly and exclusively in corresponding with Customers as part of the Services;
  - (ii) reasonable costs of telephone calls incurred by the Service Provider directly and exclusively in communicating with Customers through the Contact Centre as part of the Services;
  - (iii) reasonable costs of SMS messages incurred by the Service Provider directly and exclusively in communicating with Customers as part of the Services;
  - (iv) fees payable to the Merchant Acquirer in respect of the Merchant Acquirer Service; and
  - (v) in the event that the Service Provider is required to accept novation of one or more Supply Contracts pursuant to Clause 45 (*Novation or Management of Supply Contracts*), subject to any contrary position agreed in accordance with that Clause 45, any fees or charges payable by the Service Provider under the relevant Notified Supply Contract in respect of the goods and/or services provided under that Notified Supply Contract. Any expense, cost, liability, loss, damage, action, claim or proceeding relating to the Service Provider under any Notified Supply Contract shall also constitute a Pass Through Cost save and to the extent arising from any breach of such contract by the Service Provider independently of any act or omission of TTL; and
- (c) TTL shall not be responsible for payments due to Third Parties providing merchant acquirer services other than the Merchant Acquirer.

7.2 The Service Provider shall ensure that all Pass Through Costs incurred are fair and reasonable and represent the best value available to TTL, including by using bulk discount schemes to reduce costs. Without limiting paragraph 7.3 below and Clause 42 (*Audit and Inspection*), the Service Provider shall maintain and, on TTL's request, furnish such particulars as TTL may reasonably require in order that it may be satisfied that the Pass Through Costs incurred by the Service Provider are fair and reasonable. If TTL is not so satisfied, TTL shall be entitled to reduce the amount of the Pass Through Costs payable to such amount as is fair and reasonable.

7.3 TTL shall have the right to inspect and audit Pass Through Costs in accordance with Clause 42 (*Audit and Inspection*). In the event that such inspection or audit reveals that the Service Provider has charged TTL, as Pass Through Costs, for items which are not properly payable by TTL in accordance with this paragraph 7, TTL shall be entitled to recover from the Service Provider the cost of such items and any further costs and expenses incurred by TTL in respect of the inspection or audit carried out by TTL, plus interest on such sums at the Interest Rate.

## **8 Novation/Management Fees**

Novation fees and management fees shall be determined in accordance with Clause 45 (*Novation or Management of Supply Contracts*), as applicable.

**9 Operational Services: Variable Monthly Operational Charges**

9.1 The Service Provider shall be paid the following four (4) variable Monthly Operational Charges (the “**Variable Monthly Operational Charges**”):

(a) **i. Expired 31 August 2013 and replaced from 1 September 2013 by 9.1aii Variable Monthly Operational Charge – Contact Centre** shall be based on the transaction volumes of certain processes carried out as part of the Services (the “**Priced Processes**”) as set out in paragraph 2.2 of Schedule 8 (*Contract Centre Variable Charging*). Each Priced Process has a Unit Charge as set out in paragraph 2.10 of Schedule 8 (*Contract Centre Variable Charging*);

**ii. Variable Monthly Operational Charge – Contact Centre** shall be based on the sum of the Contact Centre Fixed Monthly Charge and the Contact Centre Variable Monthly Charge in as set out in paragraph 4.2 of Schedule 8 (*Contract Centre Variable Charging*).

(b) **Variable Monthly Operational Charge – On-street Operations** shall be based on the Priced Processes. Each Priced Process has a Unit Charge as set out in:

(i) Table D.5 (*Removal of On-street Assets*) of this Schedule 7; and

(ii) Table E.2 (*Priced Processes – On-street Operations*) of this Schedule 7;

(c) the “**Bicycle Repair Variable Charge**”,

(i) in respect of Phase 2 only and up to (but not including) the Phase Operational Commencement Date for Phase 3, being the sum of each category of parts as supplied in accordance with Table D.3 (*Bicycle and Bicycle Parts Provision*) multiplied by the relevant Unit Charge and the fixed labour element equal to the sum of [REDACTED] for every Bicycle repaired in excess of the number equivalent to 0.5% of the average of the Agreed Daily Bicycle Requirements per Month, excluding any repair or works undertaken as part of Preventative Maintenance or required to be undertaken due to wear and tear.

By way of illustration only, if the average of the Agreed Daily Bicycle Requirements per Month is 8,000:

(A) the Service Provider is responsible for repairing the first forty (40) Bicycles; and

(B) TTL is responsible for the payment of the Bicycle Repair Variable Charge for any Bicycles in excess of forty (40) Bicycles; and

(ii) save only in respect of any outstanding Bicycle Repair Variable Charges properly due to the Service Provider under this Agreement in respect of Phase 2, from and including the Phase Operational Commencement Date for Phase 3, the Bicycle Repair Variable Charge shall not apply and the parties acknowledge and agree that no such charges shall be payable in respect of Phase 3.

(d) the “**Bicycle Replacement Variable Charge**”,

- (i) in respect of Phase 2 only and up to (but not including) the Phase Operational Commencement Date for Phase 3, a sum equal to the sum of ██████████ for each Bicycle replaced due to loss through theft and/or vandalism in excess of the number equivalent to 0.25% of the average of the Agreed Daily Bicycle Requirements per Month, excluding any repair or works undertaken as part of Preventative Maintenance or required to be undertaken due to wear and tear.

By way of illustration only, if the average of the Agreed Daily Bicycle Requirements per Month is 8,000:

- (A) the Service Provider is responsible for replacing the first twenty (20) Bicycles lost through theft and/or vandalism in that Month; and
  - (B) TTL is responsible for the payment of the Bicycle Replacement Variable Charge for any Bicycles in excess of twenty (20) Bicycles; and
- (ii) from and including the Phase Operational Commencement Date of Phase 3, the sum calculated in accordance with the provisions of paragraph 9.2 below.

#### 9.2 Phase 3, Extended Term, Phase 4 and any Intensification

- (a) For the purposes of this paragraph 9.2:

- (i) **“Bicycle Replacement Variable Charge”** means the price (as set out in Table D.3 (*Bicycle and Bicycle Parts Provision*)) of:

- (A) each Broken Bicycle or Lost Bicycle (as applicable) agreed to be replaced by TTL in accordance with the provisions of this Schedule 7 (Charging) and
- (B) each new Bicycle to be added to the Business as Usual Bicycle Stock requested by TTL pursuant to paragraph 9.2(h),

and excludes any repair or works undertaken as part of Preventative Maintenance or required to be undertaken due to wear and tear;

- (ii) **“Broken Bicycle”** means a Bicycle that cannot be repaired or that it is beyond economical repair;
- (iii) **“Business As Usual Bicycle Stock”** means the Phase 2 Business As Usual Bicycle Stock as supplemented from time to time, following the Phase Operational Commencement Date for Phase 3, in accordance with the provisions of paragraph 9.2;
- (iv) **“DBR Form”** means the decommissioned Bicycle request form to be completed by the Service Provider to notify TTL of all Bicycles which the Service Provider reasonably considers to be Broken Bicycles in the form to be agreed between the Parties;
- (v) **“Decommissioned Bicycle Report”** means the weekly report to be submitted by the Service Provider to TTL reporting the number of Lost Bicycles in the form to be agreed by TTL;

- (vi) “**Lost Bicycle**” means a Bicycle that it has been lost through theft, abandonment or vandalism; and
  - (vii) “**Phase 2 Business As Usual Bicycle Stock**” means the stock of spare Bicycles to be maintained by the Service Provider, the number of which is to be agreed at a Joint Operational Board and prior to the Phase Operational Commencement Date for Phase 3, and which are to be paid for by the Parties in accordance with paragraph 9.1(b).
- (b) The Service Provider shall agree with TTL the number of Bicycles to be replaced in accordance with the provisions of this paragraph 9.2;
  - (c) Each week, the Service Provider shall complete and submit to a nominated TTL representative(s) via e-mail:
    - (i) a DBR Form; and
    - (ii) a Decommissioned Bicycle Report.
  - (d) On receipt of the DBR Form (and in any event within ten (10) Working Days of receipt of the DBR Form), TTL shall:
    - (i) notify the Service Provider if it wishes to inspect any of the Bicycles that the Service Provider has identified as being Broken Bicycles; and
    - (ii) confirm by e-mail whether or not TTL agrees with the Service Provider’s assessment that the Bicycle(s) on the DBR Form are Broken Bicycles.
  - (e) If any Bicycles inspected by TTL are found not to be Broken Bicycles, such Bicycles shall be repaired by the Service Provider as part of the Service Provider’s Preventative Maintenance obligations.
  - (f) Each month, the Service Provider shall confirm the number of Broken Bicycles at the Joint Operational Board meeting and the parties shall agree at the relevant Joint Operational Board meeting the final number of Broken Bicycles to be replaced each Month.
  - (g) Each quarter (unless otherwise agreed by the Parties):
    - (i) the Joint Operational Board shall agree the number of new Bicycles to be:
      - (A) introduced into the Scheme from the Business As Usual Bicycle Stock to replace the agreed number of Broken Bicycles and/or Lost Bicycles;
      - (B) ordered as replacements for those Bicycles taken from for the Business As Usual Bicycle Stock,in respect of the relevant quarterly period; and
    - (ii) subject to paragraph 9.2(i), TTL shall pay the Service Provider the Bicycle Replacement Variable Charge in accordance with paragraphs 12 (Presentation of Invoices) and 13 (Supporting Documentation) and Clause 23 (Charges and Payment).



- (h) If requested by TTL (at TTL's sole and absolute discretion) at any time to increase the Business As Usual Bicycle Stock, the Service Provider shall order the number of new Bicycles required by TTL and add these to the Business As Usual Bicycle Stock and TTL shall pay the Service Provider the Bicycle Replacement Variable Charge for such Bicycles in accordance with paragraph 9.2(g)(ii).
- (i) TTL shall not be obliged to pay, and Serco shall not be entitled to invoice for, Bicycle Replacement Variable Charges relating to any Bicycle unless and until the:
  - (i) Bicycle(s) being taken from the Business As Usual Bicycle Stock to replace Lost Bicycles and/or Broken Bicycles (as applicable) are operational and have been released into the Scheme; and
  - (ii) the new Bicycle(s) to replace those Bicycles taken from the Business As Usual Bicycle Stock have been listed on the Asset Register.
- (j) In calculating the Bicycle Replacement Variable Charge referred to above, the Service Provider shall not be entitled to payment in respect of any work that it undertakes as a result of its failure to comply with the provisions of this paragraph 9.2.

9.3 In calculating the Variable Monthly Operational Charges referred to above, the Service Provider shall not be entitled to payment in respect of any work that it undertakes as a result of its failure to comply with its obligations under this Agreement.

## **10 Financial Model**

The Financial Model is attached as Annex A (*Financial Model*) to this Schedule 7.

## **11 Currency Requirement**

- 11.1 In the event of the introduction of the Euro (€), on the basis of the Protocol on Certain Provisions Relating to the United Kingdom and Northern Ireland attached to the Treaty on European Union, within the United Kingdom or any part thereof, the Service Provider shall ensure that all Invoices shall contain all amounts in both Pounds Sterling and Euro (€) as may be required by TTL.
- 11.2 The Service Provider shall incorporate protocols for dealing with rounding and currency conversion between Pounds Sterling and Euros (€) and vice versa, such protocols to be subject to the written agreement of TTL.

## **12 Presentation of Invoices**

- 12.1 Invoices for Build Charges, Design Charges, Operational Charges and Pass Through Costs shall be:
  - (a) prepared at the end of each Month; and
  - (b) in respect of Operational Charges only, received no later than ten (10) Working Days after the Performance Indicator Report Date for that relevant Month.
- 12.2 Invoices must be addressed and delivered to:
  - (a) Invoices relating to Design Services:

Surface Trading – TTL Division  
Accounts Payable  
1st Floor  
PO Box 45276  
14 Pier Walk  
London SE10 1AJ

(b) Build Services

In respect of Phase 3, see paragraph 9 (Payment) of Schedule 46 (Phase 3 Docking Station Implementation).

In respect of Phase 4 and any Intensification, see paragraph 9 (Payment) of Schedule 47 (Phase 4 and Intensification Docking Station Implementation).

(c) Operational Services

Surface Trading – TTL Division  
Accounts Payable  
1st Floor  
PO Box 45276  
14 Pier Walk

**13 London SE10 IAJ Supporting Documentation**

13.1 Each Invoice provided to TTL shall, where appropriate, be supported by the relevant:

- (a) goods receipt note in respect of Invoices relating to the purchase of Bicycles, Terminals, Docking Points and related equipment;
- (b) Performance Indicator Report in respect of Service Failure Deductions; and
- (c) any other required documentation detailing performance and volumes during the Month in accordance with:
  - (i) Schedule 10 (*Contract Management and Reporting*); and
  - (ii) Schedule 5 (*Service Level Agreement*).

13.2 The amounts set out in each Invoice will be fully reconcilable with the supporting documentation provided in accordance with paragraph 13.1 above.

**14 Examples**

For the purpose of clarification and illustration only, worked examples of Monthly Operational Charges are provided in Annexes B and C to this Schedule 7.

**15 Foreign Exchange and Aluminium Indexation**

*Foreign Exchange*

15.1 In the event that the Service Provider purchases quantities of Bicycles, Terminals, Docking Stations and related equipment in excess of the volumes set out in Annex G (*Phase 2 Bicycles, Terminals, Docking Stations and related equipment*) in respect of Phase 2 or Annex H (*Phase 3 Bicycles, Terminals, Docking Stations and related equipment*) in respect

of Phase 3, which are based on an exchange rate of 1:1.56, and the exchange rate between Pounds Sterling and Canadian Dollars is:

- (a) less than 1:1.51; or
- (b) more than 1:1.61,

the relevant Unit Charges shall be adjusted to reflect the difference between the actual exchange rate at the date of payment of the relevant Sub-Contractor's invoice and an exchange rate of 1:1.56. The source for the exchange rate data shall be the exchange rate as reported in the Bloomberg currency dealing system (using the BFIX screen) at 11:00 BST on the relevant date.

*Aluminium Indexation*

15.2 In the event that the Service Provider purchases quantities Bicycles, Terminals, Docking Stations and related equipment in excess of the volumes set out in Annex G (*Phase 2 Bicycles, Terminals, Docking Stations and related equipment*) in respect of Phase 2 or Annex H (*Phase 3 Bicycles, Terminals, Docking Stations and related equipment*) in respect of Phase 3 containing an economically material element of aluminium, the Parties shall:

- (a) review the Unit Charges for those specific items containing a significant element of aluminium; and
- (b) agree an appropriate metal index to apply to the Unit Charges for such items, in accordance with the Change Control Procedure, at the date of payment of the relevant Sub-Contractor's invoice.

**ANNEX A**  
**FINANCIAL MODEL**



**ANNEX A.1**

**PHASE 3 FINANCIAL MODEL**



**ANNEX A.2**

**EXTENDED TERM FINANCIAL MODEL**



**ANNEX A.3**

**PHASE 4 AND INTENSIFICATION FINANCIAL MODEL**



## ANNEX B

## Invoice [Milestone Example]

TfL	Invoice Date:	20/07/2006
Address	Invoice Number:	XXXXXX
	<b>Authority Purchase</b>	
	<b>Order Ref:</b>	TfL XXX

**Milestone Payment**  
Reference – Schedule 7

**Milestone Completion date** 30/06/2006

	Amount £ Sterling	Amount £ Sterling
Milestone Payment Value	£ 200,000.00	
Less Other Deductions [Note 1]	£ -	£ 200,000.00
<b>Total Service Charges for the Month Excluding VAT</b>		<b>£ 200,000.00</b>
Total VAT		£ 35,000.00
<b>Total Amount Payable</b>		<b>£ 235,000.00</b>

**Note 1: Amount to be supported by attached calculation report**



## ANNEX C

## ANNEX C.1 – Invoice - Fixed Charge Example

Invoice [Fixed Charge Example]			
TfL		Invoice Date:	20/07/2006
Address		Invoice Number:	XXXXXX
		<b>Authority Purchase</b>	TfL XXX
		<b>Order Ref:</b>	
<b>Schedule of Service Charges [Example]</b>			
Reference – Schedule 7			
<b>Month Operational Charges</b>			
Period	Fro	01/06/2006	To
	m:	6	o: 30/06/2006
		<b>Amount £ Sterling</b>	<b>Amount £ Sterling</b>
Monthly Operational Charges		£ 2,000,000.00	
Pass Through Costs		£ 30,000.00	
			£ 2,030,000.00
<b>Total Service Charges for the Month Excluding VAT</b>			<b>£ 2,030,000.00</b>
	Total VAT		£ 355,250.00
<b>Total Amount Payable</b>			<b>£ 2,385,250.00</b>

## ANNEX C.2 – Invoice - Fixed and Variable Service Charges Example

### Invoice [Fixed and Variable Service Charges Example]

TfL Address s	Invoice Date: 20/07/2006  Invoice Number: XXXXXX <b>Authority Purchase Order Ref:</b> TfL XXX
---------------------	--

**Schedule of Service Charges [Example]**  
Reference – Schedule 7

**Fixed Month Service Charges**

Period From: 01/06/2006 To: 30/06/2006

	Amount £ Sterling	Amount £ Sterling
Monthly Operational Charge	£ 1,000,000.00	
Variable Monthly Operational Charge [Note 3]	£ 1,000,000.00	
		£ 2,000,000.00
<b>Total Service Charges for the Month Excluding VAT</b>		<b>£ 2,000,000.00</b>
Total VAT		£ 350,000.00
<b>Total Amount Payable</b>		<b>£ 2,350,000.00</b>

**Note 3: Amount to be supported by attached variable calculation report**

## ANNEX C.3 – Invoice - Variable Charge Example

Invoice [Variable Charge Example]			
TfL Addres s		Invoice Date:	20/07/2006
		Invoice Number:	XXXXXX
		<b>Authority Purchase Order Ref:</b>	TfL XXX
<b>Schedule of Service Charges [Example]</b>			
Reference – Schedule 7			
<b>Variable Monthly Operational Charges</b>			
Period	From	To	
	01/06/2006	30/06/2006	
		<b>Amount £ Sterling</b>	<b>Amount £ Sterling</b>
Variable Monthly Operational Charge [Note 3]		£ 2,000,000.00	
			£ 2,000,000.00
<b>Total Service Charges for the Month Excluding VAT</b>			<b>£ 2,000,000.00</b>
	Total VAT		£ 350,000.00
<b>Total Amount Payable</b>			<b>£ 2,350,000.00</b>
<b>Note 3: Amount to be supported by attached variable calculation report</b>			

## Credit Note

TfL  
Address

Credit Note Date: 20/07/2006

Credit Note Number: XXXXXX

**Authority Purchase****Order Ref:** TfL XXX**Schedule of Service  
Charges [Example]**  
Reference – Schedule 7**Variable Monthly  
Operational Charges**

From 01/06/2006 To 30/06/2006

	Amount £ Sterling	Amount £ Sterling
Service Failure Deductions against Invoice XXXXXXXX [Note 1]	-£ 100,000.00	-£ 100,000.00
<b>Total Service Charges for the Month Excluding VAT</b>		<b>-£ 100,000.00</b>
Total VAT		-£ 17,500.00
<b>Total Amount Payable</b>		<b>-£ 117,500.00</b>

**Note 1: Amount to be supported by attached Service Failure Deduction calculation report**



**Note 3 – Variable Cost Calculation Report [Example]**

<u>Variable Cost Calculation</u>			
Period From: 01/06/06 - 30/06/06			
Qty	Process	Unit Cost	Total
2,500	Process 1	£4.00	£10,000
650	Process 2	£5.00	£3,250
Total:			£13,250





















































**Table D.4 – Not Used**





















