

To: "Keith Baines (E-mail)"

cc: "'nicholas.samuet GRO Forrest Hilary

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Subject: Charges for Changes to AP Client take-on and Token Verification s

25/04/2003 09:11

Keith,

I am responding to Nick Samuel's email to Pam Purewal of 22 April.

ervices

We have considered this issue again and do not consider it to be an "anomaly". The concept of "anomalies" was introduced to recognise mistakes and which both parties agree took place during the process of moving from the Codified Agreement to the new Agreement.

Our records show that the charges for Changes to AP Client take-on and Token

Verification services (the "Services") in Annex C of Schedule 10 were introduced at version 4.0 of Schedule 10 (dated 11/11/02). These figures were presented on the basis of moving from T&M to fixed price charges and that is the basis upon which we checked and agreed them. The fixed price

calculated directly from the T&M charges in Schedule A12 of the Codified Agreement. The charges for the Services in Schedule 10 remained unchanged from version 4.0 of the schedule to the final agreed version.

We do not want to, nor do we think we should, set a precedent of re-opening approved CCNs particularly when they have actually been rolled in to the contract baseline. In the case of the CCN807 it was rolled in to v4.0 in June of 2002 and we have agreed 3 new contract baselines since then.

Whilst we do not consider the charges for the Services to be an anomaly, we are prepared to apply the principle in the letter from Liam Foley to Alan Barrie of 11 June 2002 to the charges. On that basis the offer below still stands but is our sole offer in this regard.

Client Take On Facility £2296.00 MINUS 25% = £1722.00

Client Take on (regression) Facility £919 MINUS 25% = £689.25 Total Reduction of £803.75

Both these rates would now be subject to the 2.9% uplift taking them to:

Client Take on Facility £1722.00 +2.9% RPI = £1771.94

Client Take on (regression) Facility £689.25 +2.9% RPI = £709.24 Revised Total: £2481.18

Please let me know whether Post Office wishes to accept this offer and I will arrange for a CCN to be raised to amend Schedule 10 accordingly.

Regards

Colin

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