

Schedule 2: Finance and Costs Issues

Costs and Financial Arrangements are dealt with in sections 10 and 11 of TSol's standard terms and conditions (see schedule 1 above). The following amendments are made to those sections as follows:-

Sections 10.3 and 10.4

These sections are to apply to damages payments as well as adverse costs payments (and see also additional provisions in costs section below)

Paragraph 10.3

Replace "external costs consultants" with "external costs draftsmen"

Paragraph 11.3

Bills are payable by the client within 10 working days of receipt not 30 days of receipt as currently stated. See section in relation to billing below (item 4) also for payment in relation to disputed items.

Section 12: Complaints

This section covers also complaints about the performance of external costs draftsmen.

The remainder of the standard terms and conditions continue to apply but are supplemented by the provisions below.

Financial Arrangements

Billing

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| 1. TSol sends UKBA open cases report including details of all cases where costs centres not known | TSol | At least 2 weeks prior to billing |
| 2. UKBA notifies TSol of the cost centre for unidentified cases | UKBA | Within 2 weeks of open cases report |
| 3. TSol sends UKBA bill by e mail in PDF format also with backing detailed case information and a spreadsheet with details of the bill. The bill must contain the Home Office reference and UKBA contact details. | TSol | By 15 th of each month |
| 4. UKBA authorises payment of the bill and raises any queries in relation to the bill. Where there is a query in relation to | UKBA | Ongoing |

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| <p>an amount owing, UKBA will raise a dispute in relation to the amount owing which TSol must then resolve before the production of the next invoice. In the meanwhile, UKBA will pay the full invoice including the disputed amount. In the event that UKBA is found to have made an overpayment, TSol will credit UKBA and this will appear on the next invoice.</p> | | |
| <p>5. UKBA pays bill</p> | <p>UKBA</p> | <p>Within 10 working days of receipt of bill</p> |

Costs and Damages: General

The Department will undertake all necessary consideration and requests for the appropriate level of authority to ensure that adverse costs and damages can be paid promptly but where this is not possible will notify TSol immediately of the difficulties, reasons therefore and an appropriate timescale within which payment can be made so that alternative arrangements can be made. It may be appropriate in such circumstances for payment to be made from TSol funds on the Department's undertaking to refund during a set period.

Litigation Finance Unit of UKBA (LFU) acts as a conduit for issues relating to costs recovery and costs and damages claimed. Accordingly, it is essential that TSol copies all orders relating to costs and damages issues to LFU. All communications relating to costs and damages thereafter should also be copied to LFU. LFU will then ensure that UKBA obtains the necessary authorisation for costs and damages at the appropriate level and timeously in order to provide instructions to meet key dates. LFU will also act as a point of contact should any queries arise with obtaining instructions for negotiating costs and damages claims and will facilitate the payment once the final figure has been agreed.

Costs: Adverse Costs and Damages Claims

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| <p>1. TSol notifies UKBA that an order has been made or consent order has been sealed including an award of costs and/or damages against SSHD</p> | <p>TSol</p> | <p>Within 1 working day of receipt of Order or sealed consent order</p> |
| <p>2. TSol sends the bill of costs/other claim for costs or damages and order providing</p> | <p>TSol</p> | <p>Within 3 days of receipt of bill/other claim</p> |

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| for payment of costs and notifies UKBA of allocated caseworker/external costs draftsman | | |
| 3. TSol sends prognosis letter to UKBA in relation to costs | TSol | Within 28 days of receipt of file or earlier if Notice of Commencement already received (see below) |
| 4. UKBA provides instructions to TSol in relation to costs or damages | UKBA | Within 7 days of receipt of prognosis |
| 5. Where an adverse costs case is subject to assessment, TSol sends UKBA draft points of dispute | TSol | In order to file points of dispute by the Key Date [within 21 days of notice of commencement if served] or otherwise within 7 days from receipt of instructions (see 4 above) |
| 6. UKBA provides comments on draft points of dispute and approves | UKBA | In order to file points of dispute by Key Date or otherwise within 7 days from receipt of draft points of dispute |
| 7. TSol serves points of dispute ¹ | TSol | On Key Date or if no Key Date within 7 days from receipt of approval |
| 8. TSol notifies UKBA of amount of costs or damages agreed or ordered | TSol | Within 3 days of agreement or order |
| 9. UKBA pays agreed or ordered costs or damages to TSol | UKBA | Within 10 working days of notification of amount agreed or ordered so that payment out can be made within 14 days from agreement or order ² |
| 10. In cases where there is an outstanding claim for adverse costs or damages which have not been assessed or agreed, | TSol | No earlier than 3 months from the date of the order providing for payment of costs or |

¹ In the event that approval is not forthcoming by the key date (21 days from service of notice of commencement), TSol will serve points of dispute as drafted on a provisional basis without instructions

² In the event that UKBA is unable to make payment to TSol to meet this deadline, UKBA will provide undertaking to TSol to reimburse the sum due within 14 days and TSol will make payment out from its own account.

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| TSol will put away its file but mark for retention for 10 years | | damages |
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Costs: Recovery

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| 1. TSol notifies UKBA that an order has been made or consent order has been sealed including an award of costs in favour of SSHD | TSol | Within 1 working day of receipt of Order or sealed consent order |
| 2. TSol sends prognosis letter to UKBA in relation to cost of drafting bill and recovering costs and notifies UKBA of allocated caseworker/external costs draftsman | TSol | Within 28 days of receipt of file |
| 3. UKBA provides instructions to TSol in relation to costs | UKBA | Within 28 days of receipt of prognosis |
| 4. TSol sends UKBA draft bill of costs | TSol | In order to serve bill of costs within 3 months of date of order [Key Date] |
| 5. UKBA provides comments on draft bill and approves. In the event that UKBA does not provide instructions within 7 days or in time to serve bill by key date, TSol will serve bill to protect UKBA's position | UKBA | In order to serve bill by Key Date |
| 6. TSol serves bill of costs ³ | TSol | On Key Date |
| 7. TSol notifies UKBA of amount of costs agreed or ordered. UKBA has its own costs recovery system and will therefore take over conduct at this point. | TSol | Within 3 days of agreement or order |

³ In the event that approval is not forthcoming by the key date (21 days from service of notice of commencement), TSol will serve points of dispute as drafted on a provisional basis without instructions