

Schedule 3 (Charges)

1. Definitions

- 1.1 In this Schedule, the following words shall have the following meanings and they shall supplement Schedule 1 (Definitions):

"Anticipated Contract Life Profit Margin" the anticipated Supplier Profit Margin over the Contract Period;

"Maximum Permitted Profit Margin" means the Anticipated Contract Life Profit Margin plus 5%;

2. How Charges are calculated

- 2.1 The Charges:
- 2.1.1 shall be calculated in accordance with the terms of this Schedule;
 - 2.1.2 cannot be increased except as specifically permitted by this Schedule and in particular shall only be subject to Indexation where specifically stated in the Award Form; and]
- 2.2 Any variation to the Charges payable under a Contract must be agreed between the Supplier and the Buyer and implemented using the procedure set out in this Schedule.

3. The pricing mechanisms

- 3.1 The pricing mechanisms and prices set out in Annex 1 shall be available for use in calculation of Charges in the Contract.

4. Are costs and expenses included in the Charges

- 4.1 Except as expressly set out in Paragraph 5 below, or otherwise stated in the Award Form] the Charges shall include all costs and expenses relating to the provision of Deliverables. No further amounts shall be payable in respect of matters such as:
- 4.1.1 incidental expenses such as travel, subsistence and lodging, document or report reproduction, shipping, desktop or office equipment costs, network or data interchange costs or other telecommunications charges; or
 - 4.1.2 costs incurred prior to the commencement of the Contract.

5. When the Supplier can ask to change the Charges

- 5.1 The Charges will be fixed for the first 1 year following the Start Date (the date of expiry of such period is a "**Review Date**"). After this Charges can

only be adjusted on each following yearly anniversary (the date of each such anniversary is also a "**Review Date**").

- 5.2 The Supplier shall give the Buyer at least three (3) Months' notice in writing prior to a Review Date where it wants to request an increase. If the Supplier does not give notice in time then it will only be able to request an increase prior to the next Review Date.
- 5.3 Any notice requesting an increase shall include:
- 5.3.1 a list of the Charges to be reviewed;
- 5.3.2 for each of the Charges under review, written evidence of the justification for the requested increase including:
- a) a breakdown of the profit and cost components that comprise the relevant part of the Charges;
 - b) details of the movement in the different identified cost components of the relevant Charge;
 - c) reasons for the movement in the different identified cost components of the relevant Charge;
 - d) evidence that the Supplier has attempted to mitigate against the increase in the relevant cost components; and
 - e) evidence that the Supplier's profit component of the relevant Charge is no greater than that applying to Charges using the same pricing mechanism as at the Start Date.
- 5.4 The Buyer shall consider each request for a price increase. The Buyer may grant Approval to an increase at its sole discretion.
- 5.5 Any Approval granted by the Buyer pursuant to Paragraph 5.4 shall be on the condition that the change to the Charges will not result in the Supplier Profit Margin exceeding the Maximum Permitted Profit Margin.
- 5.6 Where the Buyer approves an increase then it will be implemented from the first (1st) Working Day following the relevant Review Date or such later date as the Buyer may determine at its sole discretion and Annex 1 shall be updated accordingly.

6. Other events that allow the Supplier to change the Charges

- 6.1 The Charges can also be varied (and Annex 1 will be updated accordingly) due to:
- 6.1.1 a Specific Change in Law in accordance with Clauses 28.6 to 28.8;
- 6.1.2 a benchmarking review in accordance with Schedule 12 (Benchmarking)];
- 6.1.3 a request from the Supplier, which it can make at any time, to decrease the Charges;

- 6.1.4 indexation, where Annex 1 states that a particular Charge or any component is “subject to Indexation” in which event Paragraph **Error! Reference source not found.** below shall apply; and]

7. When you will be reimbursed for travel and subsistence

- 7.1 Expenses shall only be recoverable where:
 - 7.1.1 the Time and Materials pricing mechanism is used; and
 - 7.1.2 the Award Form states that recovery is permitted; and
 - 7.1.3 they are Reimbursable Expenses and are supported by Supporting Documentation.
- 7.2 The Buyer shall provide a copy of their current expense policy to the Supplier upon request.

Annex 1: Rates and Prices

Redacted under FOIA Section 43, Commercial Interests

Cost Breakdown

Redacted under FOIA Section 43, Commercial Interests