

Schedule 4

Pricing Obligations

1. Preamble

- 1.1 The Service Charges set out in this Schedule 4 (**Financial Obligations**) are the Service Charges that the Supplier must charge to the Authority and Authority Customers under this Agreement.
- 1.2 The Parties shall agree the need for, and regularity of, meetings to raise, implement, progress or otherwise address the principles set out in this Schedule.

2. Continuous Improvement of the Services and Gainshare

- 2.1 The Supplier warrants and represents that the Service Charges represent its best price for government and confirms its commitment to continuing to provide its best price, continuing value for money and continuous improvement in delivering the Services during the Term.
- 2.2 The Supplier further acknowledges that in discharging its continuous improvement obligations in accordance with Clause 15 of the Agreement, and the objectives of the partnering arrangement set out in Clause 6.2 of the Agreement, the Supplier shall also seek ways to continually reduce the costs of providing the Services and that such cost reductions will be passed on to the Authority and Authority Customers by reductions in the Service Charges throughout the Term.
- 2.3 Where such cost reductions referred to above in paragraph 2.2 are as a result of improvements in the efficiency of the delivery of Services, the Authority may consider a 50/50 sharing of such savings with the Supplier. For the avoidance of doubt, the Authority always retains sole discretion to consider gainsharing of savings, including as to the proportional split, and the Supplier can so apply to the Authority to consider the same in all other circumstances.

3. Benchmarking

- 3.1 The Authority shall have the right to require an independent review of the Services by an Independent Assessor to determine whether or not those Services represent value for money ("**Benchmarking**").
- 3.2 The Authority may exercise its rights under paragraph 3.1 above in the following years of the Term:

- (a) the third year;
 - (b) the fifth year; and
 - (c) in circumstances where the Authority is considering exercising its rights under Clause 2(b) of the Agreement, the seventh year of the Term.
- 3.2 The Authority shall appoint an Independent Assessor to carry out benchmarking in relation to the selected Services.
- 3.3 Prior to being appointed in accordance with this Schedule, the Independent Assessor shall be required to enter into a confidentiality undertaking.
- 3.4 Benchmarking activities will be performed openly and co-operatively with the full involvement of appropriate Personnel and persons from or nominated by the Authority.
- 3.5 The costs of the Independent Assessor will be shared equally between the Parties. Each Party will bear its own costs of taking part in the benchmarking exercise.
- 3.6 Once the Independent Assessor has submitted its benchmarking report to the Parties, including a benchmark price, the Parties shall meet to discuss adjustments to Service Charges.

4. Increases in Service Charges

- 4.1 The Authority acknowledges that, exceptionally, there may be circumstances which give cause for the Supplier to make a request to the Authority to allow an increase in certain Service Charges. The justification for such a request must formally be documented in writing. Any increase in Service Charges under this paragraph will require the agreement of the Authority and be entirely at the Authority's sole discretion.

5. Service Charges

REDACTED FOIA 2000 s43

6. Clarification Responses

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