**Schedule 3 (Charges)**

1. How Charges are calculated
   1. The Charges:
      1. shall be calculated in accordance with the terms of this Schedule;
      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. 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.
2. The pricing mechanisms
   1. The pricing mechanisms and prices set out in Annex 1 shall be available for use in calculation of Charges in the Contract.
3. Are costs and expenses included in the Charges
   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:
      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
      2. costs incurred prior to the commencement of the Contract.
4. When the Supplier can ask to change the Charges
   1. The Charges will be fixed for the first 3years 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**").
   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.
   3. Any notice requesting an increase shall include:
      1. a list of the Charges to be reviewed;
      2. for each of the Charges under review, written evidence of the justification for the requested increase including:
         1. [a breakdown of the profit and cost components that comprise the relevant part of the Charges; ]
         2. [details of the movement in the different identified cost components of the relevant Charge;]
         3. [reasons for the movement in the different identified cost components of the relevant Charge;]
         4. [evidence that the Supplier has attempted to mitigate against the increase in the relevant cost components; and]
         5. [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.]
   4. The Buyer shall consider each request for a price increase. The Buyer may grant Approval to an increase at its sole discretion. In any case price increase shall not be greater than CPI rate applicable at the time of the review period.
   5. 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.
5. Other events that allow the Supplier to change the Charges
   1. The Charges can also be varied (and Annex 1 will be updated accordingly) due to:
      1. a Specific Change in Law in accordance with Clauses 28.6 to 28.8;
      2. a request from the Supplier, which it can make at any time, to decrease the Charges;

1. 1. Where are stated to be "subject to Indexation" they shall be adjusted in line with changes in the Consumer Price Index ("CPI"). All other costs, expenses, fees and charges shall not be adjusted to take account of any inflation, change to exchange rate, change to interest rate or any other factor or element which might otherwise increase the cost to the Supplier.
   2. Charges shall not be indexed during the first 1years following the Start Date.
   3. Where Annex 1 states a Charge is subject to Indexation then it will be indexed on the date which is 1years after the Start Date to reflect the percentage change in the CPI since the Start Date. They shall be indexed on each following yearly anniversary to reflect the percentage change in the CPI since the previous change.
   4. Where the CPI Index:
      1. used to carry out an indexation calculation is updated (for example due to it being provisional) then the indexation calculation shall also be updated unless the Buyer and the Supplier agree otherwise;
      2. is no longer published, the Buyer and the Supplier shall agree a fair and reasonable replacement that will have substantially the same effect.

Upon agreement the pricing schedule will form Annex A of this document.