SCHEDULE 3

RISK SHARE AND OVERSPENDS

Unless the context otherwise requires, the defined terms used in this Schedule shall have the same meanings as set out in Clause 1 of the main body of Agreement.

Subject to any contrary provision in the relevant Scheme Specification, the Parties agree that Overspends or Underspends shall be managed in accordance with this Schedule 3.

Financial Contributions
Financial contributions are paid into the nominated bank account accounts in line with standing instruction.

There are no pooled funds requiring financial management.

Risk Share

1. The Partners have agreed the financial risk share arrangements set out in this Schedule with regard to overspends and underspends.

2. By its nature a pooled budget provides an appropriate vehicle for sharing risk between the Partners. The general principles for risk-sharing are:

   (i) The financial impact of unpredictable incidences on system wide deliverables should be shared proportionality, dependent on the scheme and service, amongst the parties to the agreement. This supports a general principle that all Partners equally contribute effort to the effective delivery of the schemes; and

   (ii) Where the impact is so financially significant that individual bodies could be at financial risk, the Partners need to work together to mitigate the impact.

3. Each Partner has the responsibility for the management of their respective BCF Schemes as per Schedule 1.

Overspends

4. The Partner listed as the Lead Commissioner of a Service Contract in accordance with Schedule 1 shall be responsible for any Overspends for such Service Contract and shall be responsible for managing any projected Overspends for such Service Contract that may occur during its Term.

5. The Partners shall inform the BCF Lead and ICP Managing Director in accordance with Clauses 9 and 10 where the remedial actions to address any projected Overspend may impact on one or more of the Individual Schemes set out in Schedule 1.

6. All Partners shall use their best endeavours to preserve the integrity of Individual Schemes.

7. Where remedial action is proposed to address a projected Overspend that may jeopardise the integrity of an Individual Scheme, a report shall be provided to the BCF Lead, ICP Managing Director and the governance process of the Lead Partner. This should be before

such action is implemented unless operational requirements mean that sooner decision must be taken, in which case appropriate consultation must have taken place with Senior Leaders in the lead Partner.

Underspends

8. Any underspends in relation to a particular Service Contract shall be used to offset any Overspends of the same Lead Partner in the first instance (as identified in Schedule 1).

9. In the event one Partner has an overspend with no underspends and the other Partner has an underspend with no overspends, or there are any underspends and no overspends the Partners shall be required to meet to discuss and agree how to address the problem and determine how the overspends and underspends should be applied, within the requirements of the law.