

## SCHEDULE 1

Regulation 12(2)

### Aggregate non-core spending obligation

#### Determination of aggregate non-core spending obligation

1. Before determining the amount of the aggregate non-core spending obligation for a scheme year, the Secretary of State must estimate the aggregate amount of benefits (if any) to be provided by scheme suppliers under Part 3 in that scheme year (“the core group spending estimate”).

2. The amount of the aggregate non-core spending obligation for a scheme year (“year t”) is to be  $T - E$  where—

T is the overall spending target for year t; and

E is the core group spending estimate for year t.

3. The overall spending target is—

(a) £250 million for scheme year 1; and

(b) subject to any adjustments under paragraphs 4 to 6, £275 million for scheme year 2;

(c) subject to any adjustments under paragraphs 4 to 9—

(i) £300 million for scheme year 3; and

(ii) £310 million for scheme year 4.

4. Before determining the amount of the aggregate non-core spending obligation for scheme year 2, 3 or 4, (“year t”), the Secretary of State must—

(a) review the core group spending estimate for year t-1; and

(b) increase or reduce that estimate, if it appears to the Secretary of State that the aggregate amount of benefits provided under Part 3 in year t-1 will be greater or less than the estimate.

5. If the Secretary of State increases the core group spending estimate for year t-1, the overall spending target for year t is to be reduced by a corresponding amount.

6. If the Secretary of State reduces the core group spending estimate for year t-1, the Secretary of State may increase the overall spending target for year t by an amount not exceeding the amount of that reduction.

7. Before determining the amount of the obligation for scheme year 3 or 4 (“year t”), the Secretary of State must (in addition to the steps in paragraph 4 to 6) calculate the difference between—

(a) the aggregate amount of benefits provided under Part 3 in year t-2 (“ $A_{t-2}$ ”); and

(b) the core group spending estimate (with any increase or reduction previously made to it) for year t-2 (“ $E_{t-2}$ ”).

8. If  $A_{t-2}$  is greater than  $E_{t-2}$ , the overall spending target for year t is to be reduced by an amount corresponding to the difference between  $A_{t-2}$  and  $E_{t-2}$ .

9. If  $A_{t-2}$  is less than  $E_{t-2}$ , the Secretary of State may increase the overall spending target for year t by an amount not exceeding the difference between  $A_{t-2}$  and  $E_{t-2}$ .

#### Interpretation

10. In this Schedule—

“year t-1” means the scheme year preceding the scheme year for which the amount of the obligation is being determined; and

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

“year t-2” means the scheme year before year t-1.