

[^{F1}SCHEDULE

Re-determination of contract price

Textual Amendments

- F1** Sch. inserted (1.4.2019) by [The Single Source Contract \(Amendment\) \(No. 2\) Regulations 2018 \(S.I. 2018/1350\)](#), reg. 1(3), [Sch.](#) (with reg. 14)

PART 2

Single pricing amendment to a qualifying defence contract

Application of Part 2

3.—(1) If the parties propose to make a single pricing amendment to a qualifying defence contract, the price payable under the amended contract is to be determined in accordance with this Part.

(2) For the purposes of sub-paragraph (1), it does not matter whether the parties also propose to make any other amendment to the contract at the same time as making the pricing amendment.

Change of regulated pricing method

Amendment of the regulated pricing method used for a qualifying defence contract

4.—(1) This paragraph applies where the proposed pricing amendment will change the regulated pricing method used for the contract to another regulated pricing method (the “new regulated pricing method”).

(2) The price payable in respect of the pricing amendment must be determined in accordance with the following formula—

$$(CPR \times AC) + AC$$

where—

- (a) “CPR” is the contract profit rate for the amendment, and
 - (b) “AC” means the primary contractor’s allowable costs after the time of agreement, determined in accordance with the new regulated pricing method.
- (3) The price payable under the amended contract is the total of—
- (a) the price payable in respect of performance under the contract on or before the time of agreement, and
 - (b) the price payable in respect of the amendment.

Amendment of a regulated pricing method used for a defined component of a contract

5.—(1) This paragraph applies where the proposed pricing amendment will change the regulated pricing method used for a defined component of the contract to another regulated pricing method (the “new regulated pricing amendment”).

(2) The price payable in respect of the pricing amendment must be determined in accordance with the following formula—

Changes to legislation: There are currently no known outstanding effects for the The Single Source Contract Regulations 2014, PART 2. (See end of Document for details)

$$(CPR \times AC) + AC$$

where—

- (a) “CPR” is the contract profit rate for the amendment, and
- (b) “AC” means the primary contractor’s allowable costs under the defined component after the time of agreement, determined in accordance with the new regulated pricing method.
- (3) The price payable under the amended contract is the total of—
 - (a) the price payable for performance under the contract (other than performance under the relevant defined component),
 - (b) the price payable for performance under the relevant defined component on or before the time of agreement, and
 - (c) the price payable in respect of the amendment.

Change to an element of allowable costs

Amendment affecting a defined element of allowable costs

- 6.—(1) This paragraph applies where—
 - (a) the proposed pricing amendment will change a defined element of allowable costs under the contract or a defined component of the contract, and
 - (b) the regulated pricing method used for the contract or the defined component (as the case may be) is a qualifying regulated pricing method.
- (2) In this paragraph “qualifying regulated pricing method” means a pricing method described—
 - (a) in regulation 10(4) (firm pricing method),
 - (b) in regulation 10(5) (fixed pricing method),
 - (c) in regulation 10(9) and (10) (volume-driven pricing method), or
 - (d) in regulation 10(11) (target pricing method).
- (3) The price payable in respect of the amendment must be determined in accordance with the following formula—

$$(CPR \times AC) + AC$$

where—

- (a) “CPR” is the contract profit rate for the amendment, and
- (b) “AC” means the defined element of allowable costs after it is changed, determined in accordance with the qualifying regulated pricing method used for the contract or defined component.
- (4) The price payable under the amended contract is the total of—
 - (a) the original contract price less the adjustment amount, and
 - (b) the price payable in respect of the amendment.
- (5) For the purposes of sub-paragraph (4), “the adjustment amount” is the amount of the original contract price which can be attributed to the defined element of allowable costs that is being changed.

Change to a contractual requirement

Change to a contractual requirement: contract or defined component not using cost-plus method

7.—(1) This paragraph applies where—

- (a) the proposed pricing amendment will change a contractual requirement of the contract or of a defined component of the contract, and
- (b) the regulated pricing method used for the contract or defined component (as the case may be) is not the cost-plus method.

(2) The price payable in respect of the amendment must be determined in accordance with the following formula and may be a negative amount—

$$(CPR \times AC) + AC$$

where—

- (a) “CPR” is the contract profit rate for the amendment, and
- (b) “AC” means the amount (which may be a negative amount) by which the amendment will change the original allowable costs.

(3) For the purposes of sub-paragraph (2), “original allowable costs” means the allowable costs under the contract or defined component, as determined for the purposes of calculating the original contract price.

(4) The price payable under the amended contract is the total of—

- (a) the original contract price, and
- (b) the price payable in respect of the amendment.

Change to a contractual requirement: contract or defined component which uses cost-plus method – distinguishable costs

8.—(1) This paragraph applies where—

- (a) the proposed pricing amendment will change a contractual requirement of the contract or of a defined component of the contract,
- (b) the regulated pricing method used for the contract or defined component (as the case may be) is the cost-plus method, and
- (c) the allowable costs resulting from the amendment can be distinguished from the original allowable costs.

(2) For the purposes of sub-paragraph (1)(c), “original allowable costs” means the allowable costs under the contract or defined component before the contract is amended.

(3) The price payable in respect of the amendment is to be determined in accordance with the following formula—

$$(CPR \times AC) + AC$$

where—

- (a) “CPR” is the contract profit rate for the amendment, and
- (b) “AC” means the primary contractor’s allowable costs resulting from the amendment, as determined in accordance with the cost-plus method.

(4) The price payable under the amended contract is the total of—

- (a) the original contract price, and

- (b) the price payable in respect of the amendment.

Change to a contractual requirement: contract or defined component which uses cost-plus method – costs not distinguishable

9.—(1) This paragraph applies where—

- (a) the proposed pricing amendment will change a contractual requirement of the contract or of a defined component of the contract,
- (b) the regulated pricing method used for the contract or defined component (as the case may be) is the cost-plus method, and
- (c) the allowable costs resulting from the amendment cannot be distinguished from the original allowable costs.

(2) For the purposes of sub-paragraph (1)(c), “original allowable costs” means the allowable costs under the contract or defined component before the contract is amended.

(3) The price payable in respect of the amendment is to be determined in accordance with the following formula—

$$(CPR \times AC) + AC$$

where—

- (a) “CPR” is the contract profit rate for the amendment, and
- (b) “AC” means the primary contractor’s allowable costs under the contract, or defined component, after the time of agreement, as determined in accordance with the cost-plus method.

(4) For the purposes of sub-paragraph (3), no account is to be taken of any costs incurred by the primary contractor before the contract is amended.

(5) The price payable under the amended contract is the total of—

- (a) the price payable under the contract on or before the time of agreement, and
- (b) the price payable in respect of the amendment.

Other amendments

Other amendments

10.—(1) This paragraph applies if none of paragraphs 4 to 9 applies in relation to the amendment that the parties propose to make to the contract.

(2) The price payable under the amended contract must be re-determined in accordance with the formula in regulation 10(1).

(3) The parties—

- (a) may agree which of the regulated pricing methods is to be used for the amended contract;
- (b) may agree that defined components of the contract will be priced by different pricing methods.]

Changes to legislation:

There are currently no known outstanding effects for the The Single Source Contract Regulations 2014, PART 2.