

# Price Fixing Condition for Contracts of Lesser Value

**DEFCON 127**  
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1. Fair and reasonable prices shall be paid to the Contractor in respect of the Contractor Deliverables, such prices to be fixed as soon as practicable by agreement between the Authority and the Contractor.
2. In the event of delay in fixing prices fair and reasonable provisional prices shall be fixed by the Authority and the Authority reserves the right to alter from time to time the provisional prices so fixed. The Authority shall pay to the Contractor the amount by which any sum payable on the basis of the prices finally fixed exceeds any sum paid on the basis of the provisional prices and the Contractor shall pay to the Authority the amount by which any sum paid on the basis of the provisional prices exceeds the sum payable on the basis of the prices finally fixed. In the event of any alteration of the provisional prices similar provisions for payment and repayment shall apply.
3. For the purpose of fixing prices for the Contractor Deliverables the Contractor shall at all times before prices have been finally fixed:
  - a. supply such estimates of the costs of production or performance of the Contractor Deliverables as the Authority may reasonably require;
  - b. provide such facilities as the Authority may reasonably require for its representatives to visit the Contractor's premises and examine any or all of the processes involved in the manufacture or performance of the Contractor Deliverables in order to estimate the costs of their production or performance;
  - c. maintain and on request supply such details of their plans for the manufacture or performance of the Contractor Deliverables as the Authority may reasonably require and on request by the Authority confirm these details or bring them up to date in any respect which might significantly affect the costs of production or performance of the Contractor Deliverables; and
  - d. maintain and on request supply such details as the Authority may reasonably require in order that it may be satisfied that the prices paid by the Contractor to sub-contractors and suppliers (including subsidiary companies or firms) are fair and reasonable.
4. If, in connection with or for the purpose of the Contract, at any time before prices for the Contractor Deliverables have been finally fixed, any sub-contract, the value of which exceeds £250,000 (or such other amount as shall have been agreed between the parties and specified in the Contract), is placed by the Contractor with a sub-contractor (including a subsidiary company or firm) otherwise than by acceptance of the lowest acceptable competitive tender, then except in so far as the Authority otherwise agrees in writing the Contractor shall without prejudice to their responsibility for negotiating and agreeing fair and reasonable prices for the Contractor Deliverables under any such sub-contract:
  - a. in order to assist the Authority in fixing prices for the Contractor Deliverables, include in any such sub-contract provisions which will impose on the sub-contractor the same obligations in relation to the Contractor Deliverables under the sub-contract as are imposed on the Contractor in

relation to the Contractor Deliverables by sub-clauses a, b, and c of clause 3 above; and

b. take all reasonable steps to secure the due observance by the sub-contractor of their obligations under those provisions.

5. The Authority shall not disclose to any person outside any Central Government Body any information obtained by them in consequence of the application of any of the provisions of this condition.