

MOD Defence Conditions Guide

Introduction

This is a quick reference guide to the current MOD Defence conditions (DEFCON) and their associated Defence forms (DEFFORM).

Delivery teams should familiarise themselves with the text of the appropriate DEFCON and read the relevant topic guidance before using the DEFCONs.

The advice of the delivery team Senior Commercial Officer (SCO) or Mentor should be sought if there is any doubt as to use or interpretation.

When new or later editions of DEFCONs are published, you must not automatically replace the existing terms and conditions in the contract as to do so may incur cost, add more obligations and alter the customer/supplier relationship. If the new or later editions of DEFCONs are appropriate to your requirement and you choose to include them they must only be added to the contract via a formal contract amendment, which should be placed at the earliest opportunity following DEFCON publication.

DEFCON Compliance

It is recommended that regular compliance checks are made by Commercial Officers to ensure that both the Contractor and the MOD are meeting their obligations under the DEFCONs specified in a contract. The DEFCON Compliance Matrix captures the contractual compliance requirements that are embedded in DEFCONs and provides an easy to use tool to enable such checking to take place. For CP&F users, these tools will generate a matrix for your contract as part of the contract creation process. For other Commercial Officers, examples of Contract Compliance Matrices can be found in the [Contract Management Handbook](#).

Amendments

Only in exceptional circumstances should the text of DEFCONs be varied to meet the particular needs of a requirement. When this occurs, the text of the replacement condition should be reproduced in full and no reference made to the original DEFCON. Commercial officers should seek advice from the policy sponsor (via the [Commercial Policy Help Desk](#)) on the use and application of DEFCONs. Any amendments to DEFCONs will constitute the creation of a Narrative Condition and must therefore be sent to CLS-CL in the first instance for advice on legality of application.

DEFCON 5J (Edn 18/11/16) - Unique Identifiers

Application - To be included in all framework agreements, contracts to be run on CP&F and CLS contracts utilising Electronic Business Capability (EBC).

Summary - Unique Order Identifiers and/or Unique Receipt Reference Identifiers must be quoted in all correspondence relating to a CP&F contract. When used for service contracts, this DEFCON should be caveated so that clause 4 does not apply. Refer to the Framework Agreements topic. EBC Unique Package Identifiers (EUPI) must be used for packages delivered in response to a demand raised under a CLS contract.

DEFCON 14 (Edn 06/21) - Inventions and Designs Crown Rights and Ownership of Patents and Registered Designs

Application - Include in contracts likely to generate Intellectual Property.

Summary - Used to secure rights in respect of patented inventions and registered designs made in the course of and resulting from work under the contract. Prior to use the [IPR - Conditions topic](#) must be consulted.

DEFCON 14A (Edn 06/21) - Collaboration (Ownership of Patents and Registered Designs)

Application - Include **only** in single-source aerospace contracts with A|D|S and for work that follows on from previous contracts with the same contractors that did include DEFCON 14A. DEFCON 14A is not to be used in any new contracts placed after August 2011.

Summary - Used to secure rights in respect of patented inventions and registered designs made in the course of and resulting from work under the contract. It is also to ensure that, where the MOD does compete its requirements, it complies with EU Defence and Security Public Contracts Regulations (DSPCR) 2011. Prior to use you must consult the [IPR - Conditions topic](#).

DEFCON 15 (Edn 06/21) - Design Rights and Rights to Use Design Information

Application - Include in fully funded contracts for the design and development of goods.

Summary - Provides the right to copy and use any information to which the DEFCON applies for the purpose of competitive procurement of delivered goods, as well as other rights including contract monitoring.

To have effect, the DEFCON must be accompanied by DEFFORM 315 - A Statement of the Contract Data Requirement (CDR). Prior to use the [IPR - Overview and Policy](#) and [IPR - Conditions topics](#) must be consulted.

WARNING: This condition **must never be used** in a contract or a DEFFORM 177 (Design Rights and Patents (Sub-Contractor's Agreement)) without **at least one accompanying completed DEFFORM 315** (Contract Data Requirement) that calls up this DEFCON.

NOTE: It is still appropriate to use DEFCON 15 (Edn 08/74) and 15A (Edn 06/21) in certain circumstances as stated in paragraphs 137 to 153 of the [IPR - Conditions topic](#). You must consult this topic prior to their use.

DEFCON 16 (Edn 06/21) - Repair and Maintenance Information

Application - Include in contracts for the production or supply of operating manuals or repair and maintenance manuals. Also, for other standard repair and maintenance documentation for use by or for the MOD in operating, repairing or maintaining equipment, including where appropriate contracts for COTS equipment.

Summary - Provides rights of use to monitor work under the contract and to inspect, test and evaluate the delivered Information, and goods. To have effect, the DEFCON must be accompanied by DEFFORM 315 - a statement of the Contract Data Requirement (CDR). Prior to use the [IPR - Overview and Policy](#) and [IPR - Conditions topics](#) must be consulted.

WARNING: This condition **must never be used** in a contract or a DEFFORM 177 (design rights and patents (sub-contractor's agreement)) without at least one accompanying, completed **DEFFORM 315** (contract data requirement) that calls up this DEFCON.

DEFCON 21 (Edn 06/21) - Retention of Records

Application - Include in all contracts subject to DEFCON 15 (Edn 06/21) or DEFCON 16 (Edn 06/21) and apply to all information / data required to be delivered under a Contract Data Requirement (CDR). All other records shall be subject to DEFCON 609 (Edn 08/18)– Contractor's Records.

Summary - Requires the contractor to maintain a control copy of all deliverable information. This copy is the property of the MOD. Prior to use the [IPR - Conditions topic](#) must be consulted.

WARNING: this condition **must never be used** in a contract or a DEFFORM 177 (Design Rights and Patents (Sub-contractor's Agreement)) without at least one accompanying, completed **DEFFORM 315** (Contract Data Requirement) that calls up this **DEFCON**.

NOTE: DEFCON 21 (Edn 01/58) should only be used in exceptional circumstances. See the [IPR - Conditions topic](#) (paragraphs 145 to 148) for guidance on their use.

DEFCON 23 (Edn 06/21) or SC1 (Edn 06/21) or SC2 (Edn 06/21) or ISC (Edn 06/21) - Special Jigs, Tooling and Test Equipment

Application - Include in contracts that have provision for Government Furnished Assets.

Summary - Sets out terms, conditions, and obligations on the MOD and the contractor, with respect to MOD funded items. Refer to the [Government Furnished Assets topic](#).

DEFCON 35 (Edn 06/21) - Progress Payments

Application - Include in contracts where it is not practicable to measure achievement and pre-determine the value that should be attached to such achievement.

This DEFCON is not applicable to Template 1 as SC1A and SC1B are for Firm priced contracts only.

This DEFCON is not included in Template 2 or ISC so will need to be added to the Templates if applicable.

Summary - Sets out the procedure for calculating amounts for monthly progress payments and limitation on amounts payable.

DEFCON 68 (Edn 05/21) - Supply of Hazard Data for Articles, Materials and Substances

Application - Include in contracts for the supply of goods.

This DEFCON is included as a narrative condition in Template 1 Condition 9, Template 2 Condition 24, and ISC Condition 20a. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Requires a contractor to submit data concerning hazardous Articles, materials or substances and other specified information. Otherwise a NIL return is required. The [Safety and Environmental Issues](#) and [Sustainable Procurement topic](#) should be consulted.

DEFCON 76 (Edn 06/21) or SC1 (Edn 06/21) or SC2 (Edn 06/21) or ISC (Edn 06/21) - Contractor's Personnel at Government Establishments

Application - Include in all contracts where a contractor is required to carry out work at a Government Establishments or HM Ships.

Summary - Identifies facilities that will be made available to contractors and their liability in respect of damage to Government Property. Prior to use, the [Limitation of a Contractors Liability and Indemnities topic](#) must be consulted.

DEFCON 82 (Edn 06/21) or SC1 (Edn 06/21) or SC2 (Edn 06/21) or ISC (06/21) - Special Procedures for Initial Spares

Application - Include in contracts when completely new equipment is provided to the Services, or existing equipment is modified.

Summary - Requires the contractor to draw up a list of spare parts that he considers will be sufficient in type and quantity to maintain the operational efficiency of the new or modified equipment during an initial period of use - 2 years unless otherwise specified.

DEFCON 90 (Edn 06/21) - Copyright

Application - Include in contracts that have a need for the delivery and subsequent use of Copyright works generated under the contract or delivered to the MOD.

Summary - Allows the MOD to copy certain Copyright works delivered under a contract. The information can be used within any Government Department and for defence contracting purposes provided that no part of the information has been marked as proprietary and subject to restriction of such use. Prior to use the [IPR - Conditions topic](#) must be consulted.

DEFCON 91 (Edn 06/21) - Intellectual Property Rights In Software

Application - Include in contracts that involve the development of bespoke software, including those for ongoing maintenance and support of bespoke software already procured.

Summary - Sets out MOD rights with regard to use of software and software documentation generated and supplied under the contract. It also addresses levy in the event of commercial sales. Prior to use the [IPR - Overview and Policy](#) and [IPR - Conditions topic](#) must be consulted.

WARNING: This condition **must never be used** in a contract or a DEFFORM 177 (design rights and patents (sub-contractor's agreement) without a statement of software deliverables provided within the contract's schedule of requirements.

DEFCON 113 (Edn 02/17) - Diversion Orders

Application - Include in contracts for the supply of goods.

This DEFCON is not included in Template 1 or ISC so will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 31 so **does not** need to be added to the Template.

Summary - Sets out procedures for urgent delivery of specified quantities of goods that are to be supplied under the contract to consignees other than those stated in the contract. Refer to the [Delivery and Acceptance topic](#).

DEFCON 117 (Edn 07/21) or SC1 (Edn 12/16) or SC2 (Edn 11/17) or ISC (Edn 12/19) - Supply of Information for NATO Codification Purposes

Application - Include in all contracts that cover either the full development phase of a project, or for the manufacture of goods not identified with a NATO Stock Number (NSN). May also be included in any contract involving the design or redesign of goods where there is a potential requirement for NATO Codification information, not identified at the outset.

Summary - Requires the contractor to facilitate provision of Item Identification details for codification purposes only. In circumstances where the contractor is the True Manufacturer, he will not be expected to impose any corresponding obligation on his subcontractor as stated, notwithstanding clause 9 of DEFCON 117.

A minimum amount of information provided should be marked as proprietary when contracting for the provision of NATO codification data. Where information is marked proprietary, it should not be entered in a database and should not be released to a third party without permission of the contractor.

DEFCON 126 (Edn 06/21) - International Collaboration

Application - Include in contracts for research, development, studies, Project Definition and Post Design Services.

Summary - Gives the MOD the right to copy and use certain copyright work furnished by the contractor for the purposes of an International Collaboration Agreement, subject to third party rights and fair and reasonable terms for use. Prior to use the [IPR - Conditions topic](#) must be consulted.

DEFCON 127 (Edn 08/21) - Price Fixing Condition for Contracts of Lesser Value

Application - Include in unpriced non-competitive risk contracts valued at £1M or less where a price is to be agreed and in all priced contracts where it is intended to agree a price for changes, no greater than a cumulative value of £1M, on the basis of forward estimates of cost (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)).

Summary - Sets out information the contractor is required to provide to ensure a fair and reasonable price can be agreed. It allows for provisional pricing pending agreement of firm prices. The condition facilitates agreement of prices in contracts and amendments of lesser value.

DEFCON 129 (Edn 07/21) - Packaging (For Articles Other Than Munitions)

Application - Include in all contracts that require the packaging of goods. This DEFCON is not applicable to contracts for munitions.

This DEFCON is included in Template 1 narrative condition 12, Template 2 narrative condition 23, and ISC narrative condition 20c. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Sets out the contractor responsibilities for packaging, including cleaning, preservation, packing and marking. Also covers Bar Code marking and Labeling requirements.

DEFCON 129J (Edn 18/11/16) or SC1 (Edn 06/17) or ISC (Edn 12/19) – The Use of the Electronic Business Delivery Form

Application - To be included in all Contracts to be run on CP&F or utilising the Electronic Business Capability for Land CLS Arrangements.

This DEFCON is not included in Template 1 or ISC so the SC variant will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 28 so **does not** need to be added to the Template.

Summary - Details the Use of the Electronic Business Delivery Form (DEFFORM 129J) and calls up the DEFFORM into Contract. DEFFORM 129J is essential for the CP&F receipting process, and the tracking and delivery of CLS items to Demanding Units. Refer to the [Delivery and Acceptance topic](#).

DEFCON 130 (Edn 04/18) or SC1 (Edn 04/18) or SC2 (Edn 04/18) or ISC (Edn 12/19) - Packaging for Explosives

Application - To be included in all contracts for explosives or munitions

Summary - Meets the needs identified as a result of the demise of the Defence Packaging team and the support they previously supplied to teams.

DEFCON 501 (Edn 07/21) - Definitions and Interpretations

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 1, Template 2 Schedule 1, and ISC narrative condition 1. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Defines terms used regularly in contracts.

Where electronic signatures are employed, under clause 7.a formal means of authentication must be agreed between the parties and defined in the contract.

DEFCON 503 (Edn 07/21), SC1 (Edn 07/21) or ISC (Edn 08/21) – Formal Amendments to Contract

Application - Include in all contracts.

This DEFCON is not included in Template 1 so the SC variant will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 6. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Covers the underlying principles regarding changes to a contract. Subject to the provisions of clause 3 of DEFCON 502 (Edn 05/17), this DEFCON requires all changes to contract requirements, conditions or otherwise, be the subject of a written contract amendment, that can be relied upon for audit purposes.

This DEFCON does not preclude use of electronic data interchange (EDI) as a means of recording agreement to contract amendments.

Refer to the [Contract Amendments topic](#).

DEFCON 507 (Edn 07/21) - Delivery

Application - Include in all contracts for the supply of goods and / or the supply of services in connection with Issued Property, or where the deliverable is in the form of a report or computer software.

This DEFCON is included in Template 1 narrative condition 10, Template 2 narrative condition 28, and ISC narrative condition 12. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Defines when delivery will occur and allows for the transport or consignment arrangements to be varied subject to contract amendment. Refer to the [Delivery and Acceptance topic](#).

DEFCON 513 (Edn 07/21) - Value Added Tax

Application - Include in all contracts, except sales contracts. Please contact your TLB [VAT Focal Point](#) for guidance if you are drafting a sales contract.

This DEFCON is included in Template 1 narrative condition 2a, Template 2 narrative condition 37, and ISC narrative condition 2a. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Explains the position of the contractor in respect of VAT. It requires the contract price to exclude any UK output VAT and any similar EU or non-EU taxes chargeable on the supply of goods and services by the contractor to the MOD. However, the DEFCON also makes provision for MOD to pay the contractor a sum equal to the chargeable tax where the contractor pays VAT in the UK and in certain other circumstances, where for example the contractor is supplying goods or services to the MOD outside the UK and is required by the laws of the country where the supply takes place to register there for EU or non-EU turnover tax.

The Contractor is responsible for the determination of VAT liability and should consult his local VAT office in cases of doubt. The contractor should notify the Commercial officer of the MOD's VAT liability under the Contract if it is other than the standard rate of VAT.

You can find [VAT Awareness Training presentation](#) on the Defence Intranet.

DEFCON 514 (Edn 08/15) – Material Breach

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 17, Template 2 narrative condition 43, and ISC narrative condition 2i. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Provides remedy for contractor committing a material breach. You must consult the Termination of Contract topic prior to use of this DEFCON.

DEFCON 514A (Edn 03/16) - Failure of Performance under Research and Development Contracts

Application - Include in all Research and Development (R&D) contracts.

Summary - Provides remedy for where the Contractor has failed to perform its obligations in accordance with the Contract for substantial scientific or technical reasons which are beyond its reasonable control. Prior to use the [Termination of Contract topic](#) should be consulted.

DEFCON 515 (Edn 06/21) - Bankruptcy and Insolvency

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 18, Template 2 narrative condition 41, and ISC narrative condition 2j. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Gives the MOD the right to terminate the contract in cases of suspected Financial Weakness, Insolvency, Bankruptcy, Receivership and Liquidation, without any obligation to compensate to compensate for termination of the contract or for loss of future work under it. Prior to use the [Company Financial Status topic](#) should be consulted.

DEFCON 516 (Edn 04/12) - Equality

Application – Include in all contracts.

This DEFCON is included in Template 1 narrative condition 2a, Template 2 narrative condition 1b, and ISC narrative condition 2a. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary – It refers to all the equality related legislation in the UK and references the equivalent equality legislation in other jurisdictions. It sets out the MOD's requirement that the Contractor, his employees, agents and sub-contractors must not discriminate unlawfully on the grounds listed.

The DEFCON is intended to remind contractors of their legal obligations under United Kingdom (UK) equality laws and relevant equivalent legislation in other countries.

Special Notes:

1. The clause is to be flowed down the supply chain to the main contractor's sub-contractors.
2. Where the application of equality principles forms an essential part of the performance of the contract, the Condition will be supplemented by bespoke terms which may form part of the statement of requirement or terms and conditions. Please contact the Policy Sponsor through the [Commercial Policy Help Desk](#) for a copy of the bespoke terms.

3. Sub-clauses 3 and 4 require the Contractor to use its "reasonable efforts". This introduces a standard of reasonableness, i.e. what a reasonable person would do in the particular circumstances taking all factors into account. The Contractor is therefore obliged to do what can be reasonably done to carry out these actions, but not to the point of using "every effort" or "efforts to the point of undue hardship".

DEFCON 518 (Edn 02/17) - Transfer

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 2d, Template 2 narrative condition 11 and 38, and ISC condition 2c. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Forbids the transfer of a contract from one contractor to another without the prior written consent of the MOD. An obligation is placed on both parties not to dispose of the contract or any part of it without mutual agreement.

The DEFCON does not remove or prevent any rights of subrogation that may result from insurance policies, bonds or other forms of guarantee.

It also governs the consent process for Debt Factoring.

DEFCON 520 (Edn 08/21) - Corrupt Gifts and Payments of Commission

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 16, Template 2 narrative condition 41, and ISC narrative condition 17. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Prohibits a contractor from offering or giving to any Crown Servant a gift or consideration as an inducement in connection with the placing of a contract or entering into any MOD contract, in connection with which any undisclosed commission has been paid or will be payable. Breach of this DEFCON entitles the MOD to terminate the contract and recover any loss suffered as a result.

Clause 2 of the DEFCON refers to the Bribery Act 2010 ("the Act") which contains two general offences covering the offering, promising or giving of a financial or other advantage to another person (active bribery) and the requesting, agreeing to receive or accepting of a financial or other advantage to another person (passive bribery). The Act also sets out two further offences which specifically address commercial bribery:

- a. section 6 of the Act creates an offence of bribery of a foreign public official in order to obtain or retain business or a business advantage; and
- b. section 7 creates an offence of failing to prevent bribery which can only be committed by a relevant commercial organisation.

Clause 3 of the DEFCON gives the MOD the obligation to act in a reasonable and proportionate manner with regard to the identity of the individuals involved and the gravity of the offence. There must be full consultation with the contractor and every consideration must be given to whether action other than termination is available and appropriate.

Where the MOD considers seeking the termination of a subcontract, account must be taken of the contractor's contractual liabilities to the MOD, in particular where the subcontractor is a single source supplier. Where the MOD seeks the termination of a subcontract there will be an obligation on the MOD to support the contractor by providing evidence to support his case against the subcontractor.

DEFCON 522 (Edn 11/17) - Payment and Recovery of Sums Dues

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 14a-b, Template 2 narrative condition 36, and ISC narrative condition 14. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - This DEFCON complies with the Late Payment of Commercial Debts (Interest) Act 1998. It establishes a commitment by the MOD to pay correctly approved bills within a 30-day period.

Refer to the [Prompt Payment CPS](#) and [Infrastructure topic](#).

DEFCON 524 (Edn 02/20) - Rejection

Application - Include in all contracts for the supply of goods and services on an item of Issued Property other than contracts specifically for defect investigation.

This DEFCON is included in Template 1 narrative condition 10c, Template 2 narrative condition 30, and ISC narrative condition 12c. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Allows the MOD to reject goods that do not conform to the requirements of the contract. Prior to use the [Delivery and Acceptance topic](#) should be consulted.

DEFCON 524A (Edn 02/20) or SC1 (Edn 08/20) or ISC (Edn 08/20) - Counterfeit Materiel

Application - Include in all contracts for the supply of goods.

This DEFCON is not included in Template 1 or ISC so the SC variant **must** to be added to the Templates if applicable.

This DEFCON is included in Template 2 narrative condition 30c. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Allows the MOD, where goods have been rejected under DEFCON 524 on the grounds that they are counterfeit or contain counterfeit material, to (a) not return the rejected goods and (b) recover the reasonable costs of managing and disposing of counterfeit goods.

DEFCON 525 (Edn 10/98) - Acceptance

Application - Include in all contracts for the supply of goods and/or software.

This DEFCON is included in Template 1 narrative condition 10c, Template 2 narrative condition 29, and ISC narrative condition 12c. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Defines when acceptance will occur. The DEFCON takes precedence over common law and statutory provisions relating to the acceptance of goods. Prior to use, the [Delivery and Acceptance topic](#) should be consulted.

DEFCON 526 (Edn 08/02) - Notices

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 6, Template 2 narrative condition 19, and ISC narrative condition 8. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Sets out requirements for format and delivery of notices, orders or other forms of communication required to be given in writing under or in connection with the contract.

DEFCON 527 (Edn 09/97) - Waiver

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 2e, Template 2 narrative condition 10, and in ISC narrative condition 2d. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - States that as a general principle the rights or remedies of either party may only be waived in writing.

DEFCON 528 (Edn 07/21) - Import and Export Licences

Application - Include in all contracts together with DEFFORM 528. You must also include DEFCON 514 and either 656A or 656B as appropriate.

This DEFCON is included in Template 1 narrative condition 8d, Template 2 narrative condition 33, and ISC narrative condition 11c. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary – Places an obligation on the Contractor to apply for licences where any materiel being provided under the contract requires an import or export licence or other form of authorisation. It sets out the responsibilities of both the MOD and the Contractor when licences are required and places an obligation on both parties to provide assistance to the other in obtaining the necessary licences.

Gaining a licence can take a considerable amount of time and the project manager must allow for this activity in the contract delivery programme. In most instances the licence will be required before contract award, sometimes before providing information at the ITT stage, so the exchange of data will need to take place before contract award, allowing sufficient time to enable the parties to manage the relevant authorisations and licencing requirements.

The DEFCON also instructs the Contractor to provide details of all items requiring a licence. These details are required to ensure that the MOD and its Contractors comply with non-UK export and import licence regulations. Providing these details up front removes the risk of delays to the contract waiting for licences or authorisations to be processed.

The DEFCON contains an obligation on the Contractor to flow down equivalent conditions in all subcontracts and to notify the MOD where this has not been possible.

The Intellectual Property-specific restrictions mentioned in Clause 11 of DEFCON 528 are set out in Clause 1.b of DEFCON 632 (Edition 08/12).

Clause 16 contains two free fields ('within [x] days') which you must complete prior to contract signature. These fields when completed indicate the number of days in which the PT will respond to the contractor on notification of any restrictions on licences and the number of days you will give the Contractor to propose mitigation action. You must state whether the days are working or calendar days when you complete the free fields.

The DEFFORM 528 is for use by both parties:

- the Contractor for all items being imported or exported; and
- the MOD where it is providing materiel as GFX that will require an import or export licence or end use authorisation.

The use of DEFFORM 528 itself is not mandatory, as long as all the information contained on the form is supplied in some format. However, the Contractor must agree the revised format with the MOD before submitting the information.

DEFCON 529 (Edn 09/97) - Law (English)

Application - Include in all contracts with a UK contractor (unless a contractor registered in Scotland has opted for Scots Law to apply).

This DEFCON is included in Template 1 narrative condition 2g, Template 2 narrative condition 4, and ISC narrative condition 2f. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Provides for the contract to be governed by English Law, subject to DEFCON 530. When a contract is being placed with a foreign contractor DEFCON 646 (Edn 10/98) should be called up in the contract instead of DEFCON 529.

DEFCON 529A (Edn 09/97) - Law (Scots)

Application - Include in contracts at the request of a contractor registered in Scotland.

This DEFCON is not included in Template 1 so will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 4. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Provides for the contract to be governed by Scots Law, subject to DEFCON 530A.

When a contract is being placed with a foreign contractor DEFCON 646 (Edn 10/98) should be called up in the contract instead of DEFCON 529A.

DEFCON 530 (Edn 12/14) - Dispute Resolution (English Law)

Application - Include in all contracts unless a contractor registered in Scotland has elected to be governed by Scots Law (DEFCON 529A (Edn 09/97)) and then DEFCON 530A (Edn 12/14) shall apply.

This DEFCON is included in Template 1 narrative condition 15, Template 2 narrative condition 40, and ISC narrative condition 16. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Where a dispute cannot be resolved by negotiation or Alternative Dispute Resolution, this DEFCON requires that the dispute be referred to arbitration. Prior to use the [Dispute Resolution topic](#) should be consulted.

DEFCON 530A (Edn 12/14) - Dispute Resolution (Scots Law)

Application - Include in contracts subject to DEFCON 529A (Edn 09/97).

This DEFCON is not included in Template 1 so will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 40. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Where a dispute cannot be resolved by negotiation or Alternative Dispute Resolution, requires that the dispute be referred to. Prior to use the [Dispute Resolution topic](#) should be consulted.

DEFCON 531 (Edn 11/14) or SC1 (Edn 06/17) or ISC (Edn 12/19)- Disclosure of Information

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 4, Template 2 narrative condition 14 and ISC narrative condition 6. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Includes a definition of 'Information'. Subject to exceptions, the DEFCON introduces a mutual obligation on the contractor and the MOD to treat as confidential all information disclosed in connection with or under the contract. DEFCON 531 took many months of careful negotiations in order to strike a balance between the requirement to protect commercially sensitive information and our obligations under the Freedom of Information Act (FOIA) and the Environmental Information Regulations (EIRs). Consequently, no additions or amendments to this DEFCON on the FOIA and EIRs are to be offered or accepted.

You must include the Controlled Information Condition (Annex E to the Protection of Information Commercial Policy Statement) in addition to DEFCON 531, in cases where the MOD intends to, or is likely to, disclose any United States (US) Government controlled information (normally International Traffic in Arms Regulations (ITAR) controlled) to the contractor.

Prior to use you should consult the [Protection of Information](#) and [Freedom of Information topics](#).

The MOD shares information with other Government departments and / or representatives as defined by Para 7 of the DEFCON. It is Government policy that MOD share information in order to achieve Value For Money across Government. To ensure other departments and / or representatives handle the information appropriately you must mark any confidential information in accordance with the Government Security Classifications (GSC). The Cabinet Office has granted an exemption from sharing certain information and you can redact contracts relating to National Security or Warlike Stores.

DEFCON 532A (Edn 04/20) or SC1 (Edn 08/20) or SC2 (Edn 08/20) or ISC (Edn 08/20) - Protection of Personal Data (Where Personal Data is not being processed on behalf of the Authority)

Application – Include in all contracts which will not require the Contractor to process Personal Data on behalf of the MOD.

Summary - Requires the MOD and Contractor to comply with their obligations as Controllers under the Data Protection Legislation, including General Data

Protection Regulations (GDPR) and the Data Protection Act 2018 (DPA 18). This DEFCON acknowledges there will be no Personal Data processed under the contract, and should this requirement change, the parties are required to amend the contract to include either DEFCON 532B, or an equivalent condition (as appropriate). Prior to use the [Protection of Personal Data in Contracts topic](#) should be consulted.

DEFCON 532B (Edn 04/20) - Protection of Personal Data

Application – Include in all contracts where personal data will be processed under the contract, together with DEFFORM 532 which must be completed and form part of the contract.

Summary – Requires the MOD and Contractor to comply with the Data Protection Legislation, including the General Data Protection Regulations and the Data Protection Act 2018 which came into force on 25 May 2018. Specific obligations on the Contractor include taking appropriate technical and organisational measures against unauthorised or unlawful processing of personal data and against accidental loss, alteration, unauthorised disclosure or destruction of or damage to that personal data. The Contractor must not transfer the personal data to any third party outside the EU without the prior consent of the MOD. Includes requirements on the MOD to consent to a request from the Contractor in respect of subcontracting the processing personal data. DEFFORM 532 defines the personal data concerned, the source of the data and the processes to be applied to it, the commencement of the processing and the intended disposal of the personal data after processing.

Prior to use the [Protection of Personal Data in Contracts topic](#) should be consulted.

DEFCON 534 (Edn 06/21) – Subcontracting and Prompt Payment

Application - Include in all contracts.

This DEFCON is not included in Template 1 so will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 39, and in ISC narrative condition 15. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Requires the contractor to make provision in subcontracts for payment within a specified period not exceeding 30 days from receipt of a valid invoice.

DEFCON 537 (Edn 06/02) - Rights of Third Parties

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 2f, Template 2 narrative condition 12, and ISC narrative condition 2e. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Avoids misinterpretation of any MOD contracts that may lead to third parties inadvertently being granted any rights under the Third Party Rights Act.

DEFCON 538 (Edn 06/02) - Severability

Application - Include in all contracts.

This DEFCON is not included in Template 1 narrative condition so will need to be added to the template if applicable.

This DEFCON is included in Template 2 narrative condition 9, and ISC narrative condition 4. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Ensures that where any term or condition of a contract is held to be invalid, illegal or unenforceable, it can be removed or replaced without invalidating the contract.

DEFCON 539 (Edn 08/13) - Transparency

Application - Include in all contracts with a value in excess of £10,000 ex VAT.

This DEFCON is included in Template 1 narrative condition 5, Template 2 narrative condition 13, and ISC narrative condition 5. Therefore, this DEFCON **does not** need to be added to the Templates.

NOTE – Should not be included in those contracts using the Efficiency Reform Group (ERG) Goods, Services or ICT model Terms and Conditions, which must include the relevant transparency condition issued by the ERG.

Summary – Provides early warning to the Contractor of the requirement to publish all contracts (including framework agreements) online under the Government's Transparency agenda. It also provides an opportunity for Contractors to request information be redacted or exempted. Prior to use you must consult the [Transparency topic](#).

DEFCON 550 (Edn 02/14) - Child Labour and Employment Law

Application – Include in all contracts.

Summary – It refers to International Labour Organisation (ILO) conventions on Child Labour and Employment, and related legislation in the United Kingdom (UK) and equivalent legislation in foreign jurisdictions. It sets out the MOD's requirement that the Contractor and its sub-contractors must comply with Child Labour law.

The DEFCON acts as a reminder to contractors of their legal obligations under UK laws and relevant equivalent legislation in other countries.

This DEFCON is included in Template 1 narrative condition 2a, Template 2 narrative condition 1b, and ISC narrative condition 2a. Therefore, this DEFCON **does not** need to be added to the Templates.

Special Notes:

1. The ILO has established rules through their “International Labour Law Conventions” on the rights and duties of employees, employers, trade unions, and governments in regulating the workplace.
2. The ILO has established numerous conventions setting out labour standards such as the minimum age for various activities. The standards for child labour are generally subsumed with Convention No 138 when enacted into local law. In Sub-clause 1, the term “International Labour Law Conventions” therefore refers in particular to:
 - a. Convention No 138 on the minimum age for admission to employment and work, 1973;
 - b. Convention No 182 on the worst forms of child labour, 1999; and
 - c. any future successor to ILO Conventions No 138 and 182.
3. Sub-clause 1 also refers to ILO conventions that are “ratified and enacted”. These conventions place obligations on ratifying Governments, not on Companies. These Governments have some leeway about how they enact the obligations in local law. In particular, there is leeway on minimum age for certain activities. What is legal and normal practice in one jurisdiction may be illegal in another.
4. Sub-clause 2 obliges the Contractor to comply with Child Labour Legislation in the relevant jurisdiction(s) where the work is performed under the Contract. This absolute obligation is also restricted to the Contractor’s own activities under the Contract.
5. Sub-clause 3 requires the Contractor to take “reasonable efforts” to flow this Condition down the supply chain to its sub-contractors. This introduces a standard of reasonableness, i.e. what a reasonable person would do in the particular circumstances taking all factors into account. The Contractor is therefore obliged to do what can be reasonably done to carry out these actions, but not to the point of using “every effort” or “efforts to the point of undue hardship”.
6. If work under the Contract is likely to be performed in jurisdictions outside the European Union where the worst forms of child labour have been used for similar types of work:
 - a. The observance of Child Labour and Employment law will form an essential part of the performance of the contract, and commercial officers must consider adding bespoke terms that explicitly make any breach of this obligation a termination event.
 - b. Commercial officers must also consider whether this Condition needs to be supplemented by bespoke terms on Child Labour and Employment

standards, which may form part of the statement of requirement or terms and conditions.

c. Commercial officers must consult [CLS-CL](#) on the wording of any new bespoke terms on Child Labour and Employment standards.

DEFCON 566 (Edn 10/20) - Change of Control of Contractor

Application - Include in all contracts.

This DEFCON is not included in Template 1 so will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 16, and ISC narrative condition 9. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Provides early warning of change in control of the contractor. Early warning will enable the MOD to make informed decisions on such issues as conduct of extant competitions or negotiations, future contract award and similar issues.

DEFCON 595 (Edn 03/19) - Automatic Test Equipment Data Requirements

Application - Include in contracts where the contract goods will be supported by Automatic Test Equipment (ATE).

Summary - Requires the contractor to supply, on request and subject to payment of a fair and reasonable price for the work involved, specified test data as may be required for the design and provision of test programmes, jigs and adapters etc. necessary to enable the contract goods to be supported by ATE.

DEFCON 600 (Edn 09/08) or SC1 (Edn 12/16) or SC2 (Edn 10/13) or ISC (Edn 12/19)- Guided Weapon Trials and Indemnity

Application - Can be included in appropriate circumstances in Research and Development (R&D) contracts that call for trials of a Guided Weapon at Trials Establishments, as defined in DEFCON 600. It may also be appropriate for inclusion in contracts covering the development of guided weapon major components or assemblies that are to be evaluated independently of the weapon. It should not be used except in R&D contracts.

NOTE: The rules, regulations and requirements to be complied with under 5.c. (3) are covered under DEFCON 76 (Edn 12/06) – Contractor’s Personnel at Government Establishments – which clarifies each party’s obligations.

Summary - Indemnifies the contractor or any subcontractor for the specific risks detailed in the Condition. Prior to use the [Limitation of a Contractors Liability and Indemnities topic](#) must be consulted.

DEFCON 601 (Edn 04/14) or SC (Edn 03/15) - Redundant Materiel

Application - Include in contracts subject to cost incentive pricing arrangements and contracts priced on ascertained costs. Also applies to contracts that include DEFCON 611 (Edn 02/16).

Summary - On completion of the contract, or earlier if appropriate, the contractor must submit to the MOD a list of any redundant materiel. The MOD must issue disposal instructions within three months from the date of receipt.

If a contract amendment leads to arisings of redundant materiel, this DEFCON should be incorporated with the amendment. The DEFCON should be annotated to apply solely to redundant materiel arising as a direct result of the amendment.

When the DEFCON is used solely in relation to DEFCON 611 (Edn 02/16) it should be annotated as such in the contract documents. The condition will apply to the extent that the redundant materiel derives from the property owned by the MOD and issued to the contractor. This includes scrap, redundant materiel arising on repair contracts, and items subject to the provisions of DEFCON 23 (Edn 08/09) - Special Jigs, Tooling and Test Equipment where title in the items has passed to the MOD.

DEFCON 602A (Edn 12/17) - Quality Assurance (With Deliverable Quality Plan)

Application - Include in contracts where a Quality Plan is required.

This DEFCON is included in Template 1 condition 8c/PO (1A)/Schedule 3 (1B), Template 2 narrative condition 21 and Schedule 3, and ISC narrative condition 11b and Schedule 3. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Requires the contractor to ensure that performance of the contract is in accordance with the quality requirements and the Quality Plan specified in the contract

DEFCON 602B (Edn 12/06) - Quality Assurance (without Quality Plan)

Application - Include in contracts where a Quality Plan is not required.

This DEFCON is included in Template 1 narrative condition 8c/PO(1A)/Schedule 3 (1B), Template 2 narrative condition 21 and Schedule 3, and ISC narrative condition 11b and Schedule 3. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Requires the contractor to ensure that performance of the contract is in accordance with the quality requirements specified in the contract.

DEFCON 603 (Edn 10/04) - Aircraft Integration and Clearance Procedure

Application - Include in all contracts that have requirements for the development flight trials of equipment.

Summary - Requires the contractor to provide information and support for aircraft trials undertaken by the MOD under a separate contract with the aircraft design authorities. The contract must specify what support the contractor is required to provide. Depending on the MOD's procurement strategy, there may be a direct contract with the aircraft designer for integration and clearance activity, or the equipment contractor may be required to place a subcontract with the aircraft designer for this service.

DEFCON 604 (Edn 06/14) - Progress Reports

Application - Include in contracts where a Progress Report is required.

This DEFCON is included in Template 1 narrative condition 13, Template 2 narrative condition 20, and ISC narrative condition 10. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Requires the contractor to provide Progress Reports in the form and frequency specified in the contract.

The DEFCON would not normally be included in contracts for standard off the shelf items or in short term fixed delivery contracts.

DEFCON 605 (Edn 06/14) or SC2 (Edn 12/17)- Financial Reports

Application – May be considered for inclusion in cost incentive contracts and those priced on ascertained costs where Financial Reports are required (see the [ODC / Non-ODC DEFCON Pricing Reference Table](#)).

This DEFCON is not applicable to Template 1 or ISC as it only applies to contracts valued over £5M.

This DEFCON is not included in Template 2 so the SC variant will need to be added to the Template if applicable.

Summary - Requires the contractor to submit Financial Reports on DEFFORM 136 or as specified in the contract.

DEFCON 606 (Edn 07/21) or SC1 (Edn 07/21) - Change and Configuration Control Procedure

Application - Include in contracts where changes to specifications or build standards of goods may occur and where a Change and Configuration Control Procedure is required.

This DEFCON is not included in Template 1 so the SC variant will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 6 and Schedule 4, and ISC narrative condition 3 and Schedule 4. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Procedures for changes to contract requirements and configuration control, where required, must be specified in the contract. The detailed procedures will depend on the nature of the project. All approved changes to the contract requirements should be the subject of a formal contract amendment.

DEFCON 607 (Edn 05/08) - Radio Transmissions

Application - Include in contracts where it is necessary for radio transmissions to be made by the contractor for development or testing of electronic or other types of transmitting/receiving equipment.

Summary - Requires the contractor to obtain a licence before making transmissions. The contractor must obtain approval from the delivery team for the frequencies to be used. The Authority's Project Manager or Equipment Support Manager must ensure that where Radio Transmissions are required to fulfill the Contract that they inform the Joint Spectrum Authority (JSA) (part of Engineering Group - EG).

DEFCON 608 (Edn 10/14) - Access and Facilities to Be Provided By the Contractor

Application - Include in contracts where the MOD requires access to the contractor or subcontractor's premises and / or provision of facilities by the contractor or subcontractor.

This DEFCON is not included in Template 1 or ISC so will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 27. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Allows the MOD to monitor progress and quality standards applied by the contractor in performance of the contract. The contractor must provide reasonable access to, and facilities at, its premises for this purpose at no additional cost. The DEFCON should be flowed down to subcontractors as far as

is reasonably practical, with access to such premises arranged through the contractor.

DEFCON 609 (Edn 07/21) or SC1 (Edn 08/18) - Contractor's Records

Application - Include in all contracts and apply to records required under the contract that are not subject to DEFCON 21 (Edn 10/04) i.e. DEFCON 609 should not be applied to information delivered under a Contract Data Requirement (CDR).

This DEFCON is not included in Template 1 so the SC variant will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 18, and ISC narrative condition 19. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Requires the contractor to maintain and make available to the MOD and / or the National Audit Office (NAO) records specified in the contract. The MOD has the right, subject to DEFCON 531 (Edn 11/14), to copy or have copied the records. Unless specified otherwise in the contract, the records must be held for at least 6 years from the end of the contract. The NAO has the right to use the records to conduct value for money audits to ensure best use of public money.

DEFCON 611 (Edn 02/16) or SC1 (Edn 12/16) or SC2 (Edn 02/16) or ISC (Edn 12/19) - Issued Property

Application - Include in all contracts where Issued Property is required.

Summary - Addresses the rights and obligations of the contractor and the MOD in respect of ownership, receipt, inspection and use of MOD owned property loaned to the contractor. Where DEFCON 23 (Edn 08/09) is included, DEFCON 611 may also include special jigs, tools and test equipment in particular circumstances. Prior to use the [Limitation of a Contractors Liability and Indemnities](#) and [Government Furnished Assets topics](#) should be consulted.

DEFCON 612 (Edn 06/21) - Loss of or Damage to the Articles

Application - Include in all contracts for the supply of goods.

This DEFCON is included in Template 1 narrative condition 10b, Template 2 narrative condition 28, and ISC narrative condition 12b. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Defines the point at which risk is transferred from the contractor to the MOD. It remains with the contractor until the goods are delivered to the MOD. Risk does not return to the contractor unless the goods are rejected. Prior

to use the [Limitation of a Contractors Liability and Indemnities topic](#) should be consulted.

DEFCON 620 (Edn 08/21), SC1 (Edn 08/21) or ISC (Edn 08/21) – Contract Change Control Procedure

Application – include in all contracts, in conjunction with DEFCON 503 (Formal Amendments to Contract), if no alternative change control procedure for formal amendments to the contract is to be included.

This DEFCON is not included in Template 1 and /or ISC so will need to be added to the Templates, if applicable.

This DEFCON is included in Template 2 Schedule 4. Therefore, this DEFCON **does not** need to be added to the Template.

Summary – This DEFCON sets out a formal process changes to the contract and associated specification.

DEFCON 621A (Edn 06/97) - Transport (If The Authority Is Responsible For Transport)

Application - Include in all contracts where the MOD is responsible for transport of goods associated with delivery.

This DEFCON is included in Template 1 narrative condition 10a-b, Template 2 narrative condition 28, and ISC narrative condition 12a-b. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Requires the contractor to apply for transport instructions if appropriate. For overseas consignments, requires goods to be accompanied by the Transit Documentation specified by the Transport Officer, who will arrange Customs clearance.

DEFCON 621B (Edn 10/04) - Transport (If Contractor Is Responsible For Transport)

Application - Include in all contracts where the contractor is responsible for transport of goods associated with delivery.

This DEFCON is included in Template 1 narrative condition 10a-b, Template 2 narrative condition 28, and ISC narrative condition 12a-b. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - The contractor is responsible for transport, loading, unloading and the provision of special handling equipment where necessary for the goods supplied under the contract.

DEFCON 624 (Edn 11/13) or SC1 (Edn 12/16) or SC2 (Edn 11/17) or ISC (Edn 12/19) - Use Of Asbestos

Application - Include in contracts for the design, development, production or supply of goods.

Summary - Mandates that asbestos of any type must not be incorporated into Articles or other materials except in exceptional circumstances where prior consent has been given in writing. Refer to the [Safety and Environmental Issues topic](#).

DEFCON 625 (Edn 06/21) - Co-Operation on Expiry of Contract

Application - Include in Public Private Partnerships (PPPs) including Private Finance Initiative (PFI), Private Finance 2 (PF2) and other contracts e.g. facility management and Information and Communications Technology (ICT), when required by the delivery team.

This DEFCON is not applicable to Template 1 or ISC as Public Private Partnerships (PPPs) including the Private Finance Initiative (PFI) and Private Finance 2 (PF2) only apply to high value contracts.

This DEFCON is not in Template 2 so will need to be added to the Template if applicable.

Summary - Requires the contractor to assist with the transition of management when management is transferred to the MOD or a different person.

This DEFCON should be used in circumstances that may require the continuation of a Shared Data Environment (SDE) after the contract ends.

DEFCON 627 (Edn 12/10) or SC1 (Edn 12/16) or ISC (Edn 12/19) - Requirement for a Certificate of Conformity

Application - Include in all contracts where a certificate of conformity and traceability of product are required. The DEFCON may be included in contracts that do not include the requirements of AQAPs 2110, 2120, 2130 or 2131. The DEFCON must be used in all contracts for aircraft or aircraft parts including contracts for supply, repair and overhaul. This DEFCON must be accompanied by DEFCON 609.

This DEFCON is not included in Template 1 or ISC so will need to be added to the Templates if applicable.

This DEFCON is included in Template 2 narrative condition 26 and schedule 3. Therefore, this DEFCON **does not** need to be added to the Template.

Summary – Primary Allied Quality Assurance Publications (AQAPS) 2100 series and 2310 call for a certificate of conformity, but do not define what information

should be provided. The DEFCON, where called up in a contract, defines the minimum information the MOD requires. The MOD will accept a supplier's standard form of certificate (where they exist) providing it contains the defined information. The Project Quality Assurance Practitioner within the delivery team (in consultation with the relevant Subject Matter Experts) will identify which items in an order require a certificate of conformity and those additional items that require traceability through the supply chain. The contract therefore must clearly identify which items require Certificates of Conformity and Traceability. Prior to use the [Quality Assurance in Contracts guidance](#) should be consulted.

DEFCON 630 (Edn 02/18) or SC1 (Edn 12/16) or SC2 (Edn 11/17) or ISC (Edn 12/19) – Framework Agreements

Application – Include in all Framework Agreements.

Summary – This condition sets out the standard clauses applicable to all Framework Agreements. Prior to use you must consult the [Framework Agreements](#) guidance which gives guidance on other clauses you are required to include.

DEFCON 632 (Edn 06/21) - Third Party Intellectual Property - Rights and Restrictions

Application - Include in all contracts.

This DEFCON is included in Template 1 narrative condition 7, Template 2 narrative condition 34, and ISC narrative condition 13. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - The condition provides a comprehensive framework for all intellectual property liabilities reflecting current legislation. Requires the contractor to promptly notify the MOD of third party patents and registered designs relevant to performance of the contract. Also requires the contractor to notify the MOD of any relevant restriction on use of information. Once appropriately notified, the MOD can authorise use by the contractor of such third party IPR. Prior to use the [IPR - Overview and Policy](#) and [IPR - Conditions topics](#) should be consulted.

DEFCON 637 (Edn 05/17) - Defect Investigation and Liability

Application - Include in PDS, repair and modification contracts and those contracts under which goods are to be supplied where no subsequent PDS, repair or modification contract is envisaged.

Summary - Requires the contractor to submit to the MOD a list of goods that have been investigated / rectified under the contract.

DEFCON 638 (Edn 06/21) or SC1 (Edn 06/21) or SC2 (Edn 06/21) or ISC (Edn 06/21) - Flights Liability and Indemnity

Application - Can be included in appropriate contracts involving aircraft that are, or will become, the property of MOD under the contract. The aircraft will require, or may involve, performance of authorised flight trials including production, development, repair and overhaul contracts or PDS contracts.

Summary - Indemnifies contractors for properly authorised activities whilst operating MOD owned aircraft and secures a counter indemnity for the MOD in respect of specified risks and in particular, unauthorised activities. Prior to use you must consult the [Limitation of a Contractors Liability and Indemnities topic](#).

DEFCON 642 (Edn 07/21) - Progress Meetings

Application - Include in all contracts where progress meetings are required.

This DEFCON is included in Template 1 narrative condition 13, Template 2 narrative condition 20, and ISC narrative condition 10. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Sets out the requirements for attending and producing minutes of progress meetings.

DEFCON 643 (Edn 12/14) or SC1 (Edn 12/16) or SC2 (Edn 11/17)- Price Fixing (Non-qualifying contracts)

Application - Include in unpriced non-competitive risk contracts which are Non-qualifying contracts valued in excess of £1M where a price is still to be agreed at the time the contract is let; and in all priced contracts where it is intended to agree a price for changes greater than a cumulative value of £1M on the basis of forward estimates of cost (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)).

Summary - Facilitates agreement of non-competitive prices in contracts and amendments. The condition entitles MOD to equality of information with the contractor. Refer to the [Pricing - Price Fixing DEFCON 643 topic](#).

DEFCON 644 (Edn 07/18) - Marking of Articles

Application - Include in all contracts for the supply of goods.

This DEFCON is included in Template 1 narrative condition 11, Template 2 narrative condition 22, and ISC narrative condition 20b. Therefore, this DEFCON **does not** need to be added to the Templates.

Summary - Sets out the procedures for marking goods where these are not stated elsewhere in the contract.

DEFCON 645 (Edn 07/99) - Export Potential

Application - Include in contracts for pre-main gate studies and other equipment related studies; and for the development of equipment including major modification programmes but excluding PDS.

Summary - Allows the contractor to make proposals that would enhance the export potential of the article to be supplied, its sub-systems or major components. The MOD is not bound to accept a proposal.

DEFCON 646 (Edn 10/98) - Law and Jurisdiction (Foreign Suppliers)

Application - Include in contracts with a foreign contractor, in place of DEFCON 529 (Edn 09/97) or DEFCON 529a (Edn 09/97), when some or all of the contract will be performed outside the UK.

This DEFCON is not included in Template 1 or ISC so will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 4. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Provides for the contract to be governed and interpreted in accordance with English Law. Addresses dispute procedures, violation or conflict, termination and appointment of solicitors in relation to legal issues.

DEFCON 647 (Edn 05/21) or SC2 (Edn 05/21)– Financial Management Information

Application - Include in all contracts over £5M, except where:

- a. measuring mechanisms such as Earned Value Management are in place;
- b. the requirement is for items with lead times of less than 4 weeks;
- c. there are security constraints on providing the required information; or
- d. International Collaborative / Procurement arrangements limit the ability to implement the reporting requirement.

This DEFCON is not applicable to Template 1 or ISC as it is used for procurements valued over £5M.

This DEFCON is not included in Template 2 but can be added if required.

Summary – Allows for the provision of all Financial Management Information so that Finance Officers can create MOD Accruals. See the [Financial Management Information](#) topic for more information.

DEFCON 648 and 648A - Availability of Information

Archived from 1 Dec 2014 – DEFCONs 648 / 648A are archived as a result of the impact of the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR).

Explanation – Inclusion of either DEFCON 648 or 648A has been sought by the MOD for many years, in non-competitive risk contracts. Both DEFCONs require the contractor to maintain certain records and allow the MOD access to them, for post-costing purposes at or near contract completion, or at any time during the contract to aid pricing of similar single source work. DEFCON 648A also included an excess profit / loss sharing mechanism. ([DEFCON 648A excess profit and loss calculator](#)).

Under the DRA / SSCR where a single source contract is deemed to be a Qualifying Defence Contract (QDC) the requirements for contractors to keep records and allow the MOD access are set in legislation so there is no need to include contract conditions to secure these obligations.

For single source contracts not within scope of the DRA / SSCR (i.e. Non-qualifying contracts) there **will** still be a requirement to seek MOD rights to pricing information, through the inclusion of an appropriate contract condition. This can be achieved through inclusion of the new DEFCON 812.

Summary – If you are placing a contract after 1 December 2014 you must not include DEFCONs 648 / 648A. You should first assess whether the contract will be a QDC under the DRA / SSCR (see [Chapter 2 of the SSCR Guidance](#)). This will determine what DEFCONS, if any, are required to secure availability of information rights.

DEFCON 649 (Edn 12/16) or SC1 (Edn 12/16) or SC2 (Edn 11/17) or ISC (Edn 12/19) - Vesting

Application - Include in contracts that provide for advances against the contract price, except contracts for services that do not require the supply of materiel.

Summary - Safeguards taxpayer interests in relation to MOD contracts on the basis of advances against the contract. Ownership of goods is transferred to the MOD as soon as construction begins, or materiel is acquired specifically for its allocation or incorporation in any of the goods being supplied under the contract. If the MOD terminates the contract (other than under DEFCON 656A or 656B (Edn 08/16)) ownership is transferred back to the contractor, except for items accepted in accordance with DEFCON 525 (Edn 10/98).

DEFCON 650 and 650A - References to the Review Board of Questions Arising Under the Contract

Archived from 1 Dec 2014 – DEFCONS 650 / 650A are archived as a result of the impact of the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR).

Explanation – DEFCONs 650 / 650A enabled either party to refer the main contract to the Review Board, where the contract contained DEFCON 648 / 648A (firm / fixed price) or DEFCON 653 (target price), when the actual costs outturn raised concerns about the price agreed.

Under the DRA / SSCR the Single Source Regulations Office (SSRO) replaces the role of the Review Board for Qualifying Defence Contracts (QDC). Legacy contracts containing these DEFCONs are also referable to the SSRO.

For single source contracts not within scope of the DRA / SSCR (i.e. Non-qualifying contracts) the Review Board will no longer be available and reference to the new SSRO is not an option open to either party. You will therefore need to include DEFCONs 530 / 530A in your contract and resolve any disputes through negotiation, Alternative Dispute Resolution (ADR) or arbitration.

Summary – if you are placing a contract after 1 December 2014 you must **not** include DEFCONs 650 / 650A. You should first assess whether the contract will be a QDC under the DRA / SSCR (see [Chapter 2 of the SSCR Guidance](#)). This will determine what DEFCONs, if any, are required to secure dispute resolution procedures under your contract.

DEFCON 651 and 651A - Reference to the Review Board of Questions Arising in Relation to Relevant Subcontracts Including Those with a Subsidiary Company or Firm

Archived from 1 Dec 2014 – DEFCONs 651 / 651A are archived as a result of the impact of the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR).

Explanation – DEFCONs 651 / 651A enabled either the MOD or the subcontractor to refer any sub-contracts exceeding £250K, including those placed on a subsidiary company, to the Review Board.

Under the DRA / SSCR the Single Source Regulations Office (SSRO) replaces the role of the Review Board for QDCs. Legacy contracts (i.e. those signed before 1 December 2014) containing these DEFCONs are also referable to the SSRO.

For single source contracts not within scope of the DRA / SSCR (i.e. Non-qualifying contracts) you will need to resolve any disputes through negotiation, Alternative Dispute Resolution (ADR) or arbitration and include DEFCONs 530 / 530A in your contract.

Summary – if you are placing a contract after 1 December 2014 you must **not** include DEFCONs 651 / 651A. You should first assess whether the contract will be a QDC under the DRA / SSCR, (see [Chapter 2 of the SSCR Guidance](#)). This will determine what DEFCONs, if any, are required to secure dispute resolution procedures under your contract.

DEFCON 652 (Edn 07/04) - Remedy Limitation

Archived from 1 Dec 2014 – DEFCON 652 is archived as a result of the impact of the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR).

Explanation – DEFCON 652 provided either party the right to refer a contract to the Review Board where it had been proved that the information referred to in the Equality of Information Statement was misleading.

Under the DRA / SSCR the Single Source Regulations Office (SSRO) replaces the role of the Review Board for QDCs. Legacy contracts (i.e. those signed before 1 December 2014) containing these DEFCONs are also referable to the SSRO.

Summary – if you are placing a single source contract after 1 December 2014 you must **not** include DEFCON 652. It is not relevant to either a QDC or a Non-qualifying contract.

DEFCON 653 (Edn 12/14) - Pricing On Ascertained Costs

DEFCON 653 is amended as a result of the impact of the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR).

Application – DEFCON 653 should be included in all Non-qualifying contracts priced on ascertained costs, including TCIF, (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)). It sets out how the contract will be priced on ascertained costs; requires the contractor to keep records and allow the MOD access; and flows down MOD required provisions to sub-contractors (however those subcontracts are priced).

Under the DRA / SSCR this DEFCON is not required in QDC / OSCs where appropriate rights are secured by the legislation or in the case of certain subcontracts connected to the QDC, by a new DEFCON 802.

Summary – if you are placing a single source contract after 1 December 2014 you must assess whether the contract will be a QDC under the DRA / SSCR, (see [Chapter 2 of the SSCR Guidance](#)). If it is a QDC then you must **not** include DEFCON 653. However, if you assess it is a Non-qualifying contract which is to be priced on the basis of ascertained costs (including TCIF), you **must** include DEFCON 653.

This DEFCON is not applicable to Template 1 as SC1A and SC1B are for Firm priced contracts only.

This DEFCON is not included in Template 2 or ISC so will need to be added to the Template if applicable.

DEFCON 653A (Edn 12/08) - Costed Contracts – Contractor's Certified Cost Statements

Archived from 1 Dec 2014 – DEFCON 653A is archived as a result of the impact of the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR). Relevant elements of DEFCON 653A have been incorporated into DEFCON 653.

Explanation – DEFCON 653A provides for the contractor to provide a cost certificate in the form specified at DEFFORM 653A, where the contract is priced on the basis of DEFCON 653.

Under the DRA / SSCR this DEFCON is not required in QDC / QSCs where appropriate rights are secured by the legislation, or in the case of certain sub-contracts connected to the QDC, by a new DEFCON 802.

Summary – if you are placing a single source contract after 1 December 2014 you must **not** include DEFCON 653A and should refer to the guidance on DEFCON 653.

DEFCON 654 (Edn 10/98) - Government Reciprocal Audit Arrangements

Application - Include in contracts together with DEFCON 643 (Edn 12/14) and / or DEFCON 653 (Edn 12/14) for overseas contractors in countries with which the MOD has reciprocal pricing arrangements. Refer to the [Overseas Procurement and International Acquisition Topic](#) for the listed countries.

Summary - Provides for officials of the relevant country to be authorised representatives of the MOD for the purposes of the pricing conditions included in the contract.

DEFCON 656A (Edn 08/16) - Termination for Convenience – Under £5m

Application - Include in all contracts valued under £5m where you consider a need to terminate for convenience could arise, and where you consider it could be done economically.

This DEFCON is not included in Template 1 so will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 42, and ISC narrative condition 18. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Allows the MOD to unilaterally terminate a contract for any reason.

Prior to use the [Termination of Contract topic](#) must be consulted.

DEFCON 656B (Edn 08/16) - Termination for Convenience – £5m and Over

Application – Include in all contracts valued £5m and over.

This DEFCON is not applicable to Template 1 or ISC as it only applies to contracts valued £5M and over.

This DEFCON is included in Template 2 narrative condition 42. Therefore, this DEFCON **does not** need to be added to the Template.

Summary - Allows the MOD to unilaterally terminate a contract for any reason.

Prior to use the [Termination of Contract topic](#) must be consulted.

DEFCON 658 (Edn 10/17) or SC1 (Edn 11/17) or SC2 (Edn 11/17) or ISC (Edn 12/19) – Cyber

Application - Include in all contracts where the Cyber Risk Assessment has resulted in a Cyber Risk Profile of higher than 'Not Applicable'. The condition must also be accompanied by the following note:

"Further to DEFCON 658 the Cyber Risk Profile of the Contract is [], as defined in Def Stan 05-138."

Summary – Requires the contractor to put in place cyber security controls specified in [Def Stan 05-138 \(Cyber Security for Defence Suppliers\)](#), as appropriate to the Cyber Risk Profile specified in the contract. These controls will be required by the contract start date at the latest, unless an agreed Cyber Implementation Plan is in place.

The DEFCON also requires the contractor to conduct a Supplier Assurance Questionnaire to demonstrate their compliance with the controls and to renew the Questionnaire on an annual basis. They must also report any cyber security incidents as soon as they know or believe one has occurred. It requires the contractor to keep associated records for a period of 6 years after completion / termination and gives the MOD the right to audit those records and the contractor's compliance with the DEFCON.

You can find further guidance on the DEFCON and the Cyber Security Model in the [Cyber Security topic](#).

DEFCON 659A (Edn 06/21) - Security Measures

Application – Include in all contracts that you intend to award to a United Kingdom (UK) contractor, where any matter connected with the contract is to bear the Government Security Classification SECRET or above.

For contracts placed with overseas contractors that involve material classified SECRET or above you must instead include an appropriate Security Clause for the country concerned. For confirmation that the overseas contractor holds a Facility Security Clearance and for the appropriate Security Clause you must consult DESPSyA-SecurityAdviceCentre@mod.gov.uk.

Summary – Specifies measures the contractor must take to protect information and explains that certain information must be available to the MOD. Requires the contractor to seek authority from the MOD before placing any sub-contract and specifies provisions to be included in any sub-contract to cover security measures. Permits the MOD to terminate the contract in certain circumstances.

Prior to use you should consult the [Protection of Information](#) topic.

DEFCON 660 (Edn 12/15) - Official-Sensitive Security Requirements

Application – Include in all contracts where any matter connected with the contract is to bear the Government Security Classification OFFICIAL-SENSITIVE and requires a Security Aspects Letter (SAL).

Summary – Specifies measures to be taken by the contractor to protect information and specifies the flow down of the security requirements to any subcontract.

Prior to use you should consult the [Protection of Information](#) topic.

DEFCON 661 (Edn 06/21) - War Risk Indemnity

Application - Can be included in appropriate contracts that require attendance of the contractor's personnel outside the Territories listed in Schedule 1 and meet the relevant requirement for its use. Proposals for use should be referred for consideration at Band B2 level or above.

Summary - Indemnifies the contractor for the specific risks detailed in the condition for which no insurance cover is available, available only at a price that does not represent value for money or the contractor's insurance cover is withdrawn or subject to exclusion. DEFCON 661 is supplementary to the contractor's existing cover, NOT an alternative to the contractor's own insurance cover. Prior to use the [Limitation of a Contractors Liability and Indemnities](#) must be consulted.

DEFCON 661A (Edn 06/21) - War Risk Indemnity - Alternative Version

Application - Not for general use, special conditions apply. **Proposals for use should be referred for consideration at Band B2 level or above.**

Summary - As a precaution against the risk of collusion between insured and insurer, Clause 5 of DEFCON 661 excludes any Indemnity where the contractor and contractor's insurer are related in some manner. In exceptional cases, the MOD will consider the provision of an Indemnity where there is a connection between the contractor and the contractor's insurer. In such circumstances you must use DEFCON 661A. Prior to use, the [Limitation of a Contractors Liability and Indemnities topic](#) must be consulted.

DEFCON 662 (Edn 11/14) – Salvage and Towing Indemnity

Application – Include in contracts where your requirement is for Salvage and / or Towing services, in connection with a Nuclear or Live Ammunition Asset, and where the contractor is unable to obtain commercial insurance.

This DEFCON is not applicable to Templates 1, 2, or ISC as it is not suitable for use with the SC Templates.

Summary - Subject to specific exceptions and exclusions, DEFCON 662 indemnifies the contractor and its subcontractor(s) in respect of, any Personal Injury, Loss or Damage directly attributable to the Contractor carrying out Towing and / or Salvage Services in connection with a Nuclear and / or Live Ammunition Asset. Prior to use you must consult the [Limiting a Contractor's Liability and Indemnities Commercial Policy Statement](#).

DEFCON 663 (Edn 12 /17) – Shipbuilding Indemnity

Application – Can be included in appropriate shipbuilding contracts.

Summary - Indemnifies the contractor against all shipbuilding risks (subject to the listed exceptions). Prior to use the Limitation of a Contractors Liability and Indemnities topic must be consulted.

DEFCON 670 (Edn 02/17) or SC2 (Edn 11/17) - Tax Compliance

Application – Include in all contracts valued over £5 million, including new framework agreements if any individual call-off order is likely to be over £5 million.

This DEFCON is not applicable to Template 1 or ISC as it only applies to contracts valued over £5M.

This DEFCON is not included in Template 2 but can be added if required.

Summary – The DEFCON is intended to deter suppliers from evading tax and using aggressive tax avoidance schemes (referred to as Occasions of Tax Non-Compliance (OOTNC)). This condition requires the Contractor to notify the Authority of any issues within twenty working days from the date it became

aware that it had not fulfilled its tax obligations. Any future breach of tax obligations could lead to termination of the contract.

Special Notes:

1. The obligations arising from DEFCON 670 apply to Contractors which are:
 - a. a corporation or association, or an individual;
 - b. a joint venture or consortium, where the self-certification must cover all members of the joint venture or consortium;
 - c. a partnership, limited partnership or limited-liability partnership (LLP), in which case the self-certification must cover that partnership, limited partnership or LLP, but not the individual members; and / or
 - d. a member of a group although in that case the self-certification does not cover other group companies, whether UK or non-UK based.
2. For the avoidance of doubt, the Contractor is not required to certify on behalf of any subcontractor or any other members of the supply chain.
3. The date the Contractor becomes aware of an OOTNC in Clause 3 is likely to be the day when all legal or administrative proceedings against the Contractor have been concluded resulting in the Contractor acknowledging the judgment or findings by a Court or Tribunal against the way it has conducted its tax affairs.
4. The Contractor shall send written notification of any OOTNC to the Authority within 20 working days from the date it became aware of the OOTNC during the performance of this Contract
5. HM Revenue and Customs can provide advice to MOD commercial officers on the nature of any OOTNC through the Cabinet Office Service Desk (telephone 0845 000 4999 or email: servicedesk@cabinet-office.gsi.gov.uk).

If the MOD commercial officer identifies an OOTNC during the performance of a contract, they must report the issue to the [Commercial Policy Help Desk](#), and [CLS](#) for guidance before taking any action such as termination of the contract.

DEFCON 674 (Edn 03/21) – Advertising Subcontracts (Public Contracts Regulations 2015 only)

Application – Include in all new contracts which are subject to the Public Contracts Regulations, where the contract price, when averaged over the contract period is greater than £5 million per annum.

This condition is likely to be relevant and proportionate to most contracts, where the average contract price is greater than £5 million per annum. However, there may be exceptions where, for example:

- there are issues of national security, which mean that subcontracts cannot be openly advertised;
- the supplier has confirmed there will be no subcontracts awarded under the contract.

DEFCON 674 does not apply to subcontracts identified by the prime contractor in their tender response or those that will be placed under an existing arrangement (e.g. a framework contract).

Summary – DEFCON 674 is intended to increase the visibility of subcontract opportunities to increase competition and encourage potential suppliers, including SMEs, to bid for work in the Authority's supply chains.

DEFCON 675 (Edn 03/21) – Advertising Subcontracts (Defence and Security Public Contracts Regulations 2011 only)

Application – Include in all new contracts which are subject to the Defence and Security Public Contracts Regulations 2011 (DSPCR), where the contract price, when averaged over the contract period is greater than £5 million per annum.

DEFCON 675 only covers the advertising of subcontracting opportunities where the contractor has chosen to use open competition.

Exceptions to the requirement to advertise on the Defence Sourcing Portal may include where, for example:

- there are issues of national security, which mean that subcontracts cannot be openly advertised;
- the supplier has confirmed there will be no subcontracts awarded under the contract.

DEFCON 675 does not apply to subcontracts identified by the contractor in their tender response or those that will be placed under an existing arrangement (e.g. a framework agreement).

Summary – DEFCON 675 is intended to increase the visibility of subcontract opportunities to increase competition and encourage potential suppliers, including SMEs, to bid for work in the Authority's supply chains.

DEFCON 678 (Edn 09/19) – SME Spend Data Collection

Application – Include in all new contracts where the contract price when averaged over the contract period is greater than £5 million per annum. Completion of DEFFORM 139 is required.

The financial threshold is based on the expected total contract price, averaged over the life of the contract (e.g. a four-year contract with a total contract price of £21m would be in scope, even if the expected spend in the first year was less than £5m).

This condition is likely to apply to most contracts with an expected average contract price greater than £5 million per annum. However, there may be exceptions where, for example, the supplier has confirmed there will be no subcontracted spend.

Summary – DEFCON 678 is intended to obtain information on subcontract spend, and therefore give the Authority better sight of spend with Small to Medium Enterprises (SMEs) in particular. This DEFCON requires the contractor to provide, at no additional cost, timely, full, accurate and complete information in DEFFORM 139 (MOD SME Spend Data Collection) and return it to the Authority.

Special Notes:

1. For each financial year up to and including that in which the contractor completes its obligations under the contract, the contractor shall complete DEFFORM 139 showing the SME spend data up to the Reporting Date (31 March) and it send to the by the last working day in June the following financial year.
2. DefComrcISSM-DefenceProc@mod.gov.uk can provide advice on completing the MOD SME Spend Data Collection template.

DEFCON 681 (Edn 06/02) - Decoupling Clause - Subcontracting With the Crown

Application - Include in all contracts where it is known at the outset, or there is a possibility, that a prime contractor may subcontract any element of the work back to the Crown (e.g. a MOD Agency or Establishment with particular expertise).

The condition shall not be included in contracts in circumstances where the contractor has been directed by the Authority to subcontract all or part of the contract to the Crown.

Summary - Reinforces the principle that the contractor is responsible for all aspects of performance of the contract, notwithstanding that elements of the contract may be performed by the Crown under subcontract arrangements.

The intention is to 'decouple' as far as possible the MOD's actions as a subcontractor from any effect this may have on the contractor's ability to perform the prime contract and to make clear to the prime contractor that he cannot escape from his contractual obligations because of the failure of any subcontractors to perform, including MOD subcontractors. Refer to the [Influencing Supply Chain Management](#) topic.

DEFCON 684 (Edn 01/04) - Limitation upon Claims In Respect Of Aviation Products

Application - Can be included in appropriate contracts for the supply of Aviation Products. This includes contracts for the supply of goods, repair and overhaul contracts, contracts for the supply of technical publications and other contracts in support of aircraft, space vehicles and satellites.

Summary - Defines the limitations on claims against the contractor and his subcontractors. The DEFCON relates solely to the extent of claims the MOD may make in relation to the supply of Aviation Products, it does not preclude further

conditions relating to pre or post-delivery liabilities. Refer to the [Limitation of a Contractors Liability and Indemnities topic](#).

DEFCON 687A (Edn 06/21) or SC1A (Edn 06/21) or SC1B (Edn 06/21) or SC2 (Edn 06/21) or ISC (Edn 06/21) - Provision of A Shared Data Environment Service

Application - Include in contracts for which there is a requirement for a Shared Data Environment (SDE) Service.

Summary - Sets out what service the contractor managing an SDE for a Project is to provide including security and confidentiality, information management, intellectual property, storage and archiving, disaster recovery, availability of the service, changes, audit and transfer. DEFFORM 687C The Electronic Information Sharing Agreement must be completed and issued with the contract. Refer to the [Guidelines for Industry No 15 \(Issue 2\)](#).

DEFCON 687B (Edn 06/21) or SC1A (Edn 06/21) or SC1B (Edn 06/21) or SC2 (Edn 06/21) or ISC (Edn 06/21) - Shared Data Environment System Transfer Arrangements

Application - Include in contracts that includes DEFCON 687A (Edn 06/01) where the project manager or equipment support manager determines that contractor-generated IPR is necessary to continue to operate the SDE system upon transfer.

Summary - Gives the MOD the right to use information in the SDE for Project Implementation and requires the contractor to grant licences free of charge under his IPR in the event the MOD wishes to appoint another contractor to provide a SDE Service for the Project, on completion or termination of the contract. Refer to the [Guidelines for Industry No 15 \(Issue 2\)](#).

DEFCON 691 (Edn 03/15) or SC1 (Edn 02/17) or ISC (12/19) - Timber And Wood-Derived Products

Application - You must include the Condition in all contracts for:

- Construction;
- Stationery, printing and publishing;
- Furniture;
- Timber;
- Soft facilities management supplies such as toilet paper, hand towels, paper cups and wooden stirrers;
- Timber and wood derived products subject to Government Buying Standards and
- Contracts where:
 - wood is specified in the Contract as a material required in the performance of the Contract;

- wood is, or forms the substantial part of, an Article to be delivered to the Authority under the Contract;
- wood is brought onto a Government or MOD Establishment for the purpose of performance of the Contract on the Government or MOD Establishment, for example temporary hoardings.

You should not include the Condition in Contracts where supply of timber or wood-derived products are incidental to the object of the contract, for example paper used for reports supplied as part of a service contract, or to the materials used to deliver Articles such as cardboard boxes used to deliver computer hardware.

This DEFCON is not included in Template 1 or ISC so will need to be added to the Template if applicable.

This DEFCON is included in Template 2 narrative condition 25. Therefore, this DEFCON **does not** need to be added to the Template.

Summary

The purpose of the Condition is to implement UK Government Timber Procurement Policy in MOD procurement. You can find more information on [Central Point of Expertise for Timber Procurement \(CPET\) website](#). The Condition requires:

- Timber and wood containing products to come from a legal and sustainable source;
- Evidence of compliance with this sourcing requirement on a risk based approach; and
- Reports from the Contractor on the volume of compliant and non-compliant timber and wood containing product delivered to the MOD.

Special Notes

1. The Condition requires that timber and wood-derived products delivered by the Contractor and / or used on the Government or MOD estate must be:
 - a. from an independently verifiable Legal and Sustainable source; or
 - b. from a Forest Law Enforcement, Governance and Trade (FLEGT) licensed (or equivalent) source; or
 - c. recycled timber.

2. Evidence of legality and sustainability can come in two forms which can be combined:
 - a. Category A evidence is independent certification of the timber and timber products by any of the forest certification schemes that meet the policy requirements. Please see a [full list of approved schemes](#) here.
 - b. Category B evidence is alternative documentary evidence that provides assurance that the source is legal and sustainable. Please see [how to collect and evaluate category B evidence](#).
3. FLEGT is an EU initiative to support countries to address illegal logging. A key component of FLEGT will be a Voluntary Partnership Agreement (VPA) between producer partner countries and the EU. These VPAs will include a timber licensing scheme which will certify that timber meets the requirements of FLEGT. Most timber or timber products imported from VPA partner countries into the EU will need to be accompanied by a FLEGT licence. More information on the [FLEGT regulation](#) is available here.
4. You should ask for evidence of compliance through the contract using a risk-based approach. Where the timber is from a high-risk source or where there is prima facie evidence of a problem (for example, where the record of forest governance is poor and forest management not always responsible) proof must be provided by the Contractor and, if found inadequate, independent verification required. Further guidance on verification and information on risk assessment of sources is available from [CPET](#) for both suppliers and buyers.
5. The Authority will accept Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certification as evidence of compliance with the social criteria at clause 3 of the Condition.
6. You can find further details on the UK Government policy in the [Timber Procurement Advice Note](#) (revised June 2013). The MOD has prepared this Condition to implement this policy in the context of the MOD's procurement.
7. In order for the Condition to work, you need to:
 - a. Ensure that the need for legal and sustainable timber is in the Statement of Requirement (SOR), referring to [Government Buying Standards](#) where relevant. Standard timber specifications are also available on the [CPET website](#).
 - b. Ensure that the Contractor understands what is acceptable as evidence of compliance for the timber or wood containing product that the Contractor will deliver under the Contract.
 - c. Ensure that you specify when the Contractor has to submit [DEFFORM 691A](#) in the SOR.

DEFCON 694 (Edn 07/21) or SC1 (Edn 07/21) or SC2 (Edn 07/21) or ISC (Edn 12/19)- Accounting For Property of the Authority

Application - Include in all contracts involving issue of MOD property to the contractor, this includes those subject to DEFCON 23 (Edn 08/09) and / or 611 (Edn 02/16).

Summary - Requires contractors to maintain proper records of possession, use and consumption of MOD property. Refer to the [Government Furnished Assets topic](#).

DEFCON 695 (Edn 02/15) – Contract Costs Statement (Non-qualifying contracts)

DEFCON 695 is amended as a result of the impact of the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR).

Explanation – DEFCON 695 should be considered for inclusion in single source contracts, over £5M, not subject to the DRA / SSCR if you expect to require the contractor to submit cost statements for post-costing purposes (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)).

You do not need to include this DEFCON 695 in Qualifying Defence Contracts. Under the DRA / SSCR it is possible to request 'on-demand' Contract Costs Statements (CCS) for one or more specified periods which the contractor must provide within 12 months of the dates you agree and set out in your written request. You can also request a CCS with no agreed date which the contractor must provide within six months of your request. The provision of these reports is subject to a compliance regime for which a penalty may be payable by the contractor for late / non-delivery.

This DEFCON is not applicable to Template 1 or ISC as it only applies to contracts valued over £5M.

This DEFCON is not included in Template 2 so will need to be added if applicable.

Summary – For contracts placed after 1 December 2014 you must not automatically include DEFCON 695. You should first assess whether the contract will be a QDC under the DRA / SSCR, (see [Chapter 2 of the SSCR Guidance](#)). This will determine what DEFCONS, if any, are required.

DEFCON 696 (Edn 07/04) – Provisions In Relation To A Final Cost Summary Statement – Post Costing

Archived from 1 Dec 2014 – DEFCON 696 is archived as a result of the impact of the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR). Relevant elements of DEFCON 696 have been

incorporated into DEFCON 695 which now covers both interim and final Contract Costs Statements (DEFFORM 812).

Explanation – DEFCON 696 established in single source risk priced contracts and relevant sub-contracts a due date for the submission of a final Cost Certificate for the purposes of post costing. It also contained details of a complex retention arrangement meant to incentivise contractors to submit in a timely fashion and MOD to audit promptly.

Under the DRA / SSCR it is a legal requirement to provide a Contract Costs Statement within 12 months of contract completion. This is subject to a compliance regime for which a penalty may be payable by the contractor for late / non-delivery.

For single source contracts not within scope of the DRA / SSCR (i.e. Non-qualifying contracts) you should consider the inclusion of the revised DEFCON 695 in your contract to secure an interim or final contract costs statement DEFFORM 812.

Summary – if you are placing a contract after 1 December 2014 you must **not** include DEFCON 696. You should first assess whether the contract will be a QDC under the DRA / SSCR, (see [Chapter 2 of the SSCR Guidance](#)). This will determine what DEFCONS, if any, are required.

DEFCON 697 (Edn 06/21) or SC1 (Edn 06/21) or SC2 (Edn 06/21) or ISC (Edn 06/21) - Contractors on Deployed Operations – CONDO

Application – Include in all contracts that have an actual or potential requirement for the presence of Contractors, subcontractors and their employees working in a CONDO Applicable Area (CAA) designated for CONDO purposes by the Permanent Joint Headquarters (PJHQ) or Front Line Commands (FLCs).

Summary – Provides a framework to facilitate the organised deployment of Contractors, subcontractors and their respective employees (including the management of Locally Recruited Workers). The Condition details the obligations of both the Contractor and the Authority in such circumstances.

Clause 12 places an obligation on the Contractor to provide an approval or the reasons for declining to provide such approval within 72 hours of the Authority's request to move a Contractor's Employees or Sub-Contractors employees to a non-expected work location. Where it is agreed that it is impractical or not possible to provide such approvals within 72 hours the negotiated notice period should be included in the Contract instead.

This DEFCON must be used in conjunction with DEFCONs 76 (Edn 12/06), 611 (Edn 02/16), 694 (Edn 07/18) and DEFSTAN 05-129 (Issue 5) and, if applicable DEFCON 661 (Edn 10/06) or 661A (Edn 05/02) as appropriate. Refer to the [CONDO topic guidance](#).

DEFCON 703 (Edn 06/21) – Intellectual Property Rights – Vesting In the Authority

Application – Use when it is necessary to secure MOD ownership of the results of fully funded work. It is not normally used in the same contract as another Intellectual Property condition.

Summary – This condition is contrary to the MOD’s usual contracting policy and is used only in exceptional circumstances in fully funded contracts. It provides that all the results of the work undertaken under the contract (foreground information) will belong to the MOD. Prior to use the [IPR – Conditions topic](#) must be consulted.

DEFCON 705 (Edn 06/21) – Intellectual Property Rights – Research and Technology

Application – Include only in fully funded research and technology contracts (i.e. all contracts appertaining to the Research Programme funded by the MOD). This use extends to work up to the MOD ‘Initial Gate’ project approval stage but not beyond, except for work on any specific research task that does not directly lead to the design of equipment for subsequent production.

Summary – This is a comprehensive condition covering technical information, patents and designs. Prior to use the [IPR – Conditions topic](#) must be consulted.

DEFCON 800 (Edn 12/14) Qualifying Defence Contract

Application – include in any contract you assess to be a Qualifying Defence Contract (QDC) (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)). This DEFCON is not applicable to Template 1 or ISC as it only applies to QDCs valued at £5M and above.

This DEFCON is not included in Template 2 but can be added if required.

Summary – to make the contractor aware that the MOD believes the contract will be a QDC under the Defence Reform Act 2014 and Single Source Contract Regulations 2014. A contract that is a QDC imposes statutory obligations on both the contractor and the MOD which you can understand by reading the [overview of the legislation](#).

DEFCON 801 (Edn 12/14) or SC2 (Edn 11/17) Amendments to Qualifying Defence Contracts – Consolidated versions

Application – include in any contract you assess to be a Qualifying Defence Contract (QDC) (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)).

This DEFCON is not applicable to Template 1 or ISC as it only applies to QDCs valued at £5M and above.

This DEFCON is not included in Template 2 but can be added if required.

Summary – this DEFCON places a contractual obligation on the MOD to re-baseline (consolidate) a contract where a) it has been formally amended, in accordance with DEFCON 503, five times; b) the contract price has changed by 5%; or c) the MOD has made a significant change to the contract.

The appropriateness of issuing a consolidated version will differ from contract to contract and you should take into account the duration and value of the contract in relation to the changes as a result of an amendment(s). For example, a single contract amendment may make such significant changes that you consider you should issue a consolidated version, whereas if you have several low value 'variation orders' you may only consider this necessary when you have several changes to consolidate.

It places an obligation on the contractor to confirm within 14 calendar days that the consolidated contract properly incorporates all amendments or notify the Authority why it believes it doesn't. It also provides for resolution in this situation.

DEFCON 802 (Edn 12/14) QDC: Open Book on sub-contracts that are not Qualifying Sub-contracts (QSC)

Application – include in any contract you assess to be a Qualifying Defence Contract (QDC) (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)). This DEFCON is not applicable to Template 1 or ISC as it only applies to QDCs valued at £5M and above.

This DEFCON is not included in Template 2 but can be added if required.

Summary – The 'open book' provisions of the Single Source Contract Regulations 2014 (SSCR) require contractors and sub-contractors which are subject to the SSCR to maintain relevant accounting and other records and provides rights for the MOD (or representative) to have access to those records for the purpose of verifying costs and monitoring performance. The threshold value for a Qualifying Sub-contract (QSC) is set by the SSCR at £25M therefore the SSCR open book provisions cannot legally apply to any sub-contracts below £25M as they are below the threshold.

The purpose of this DEFCON is to secure equivalent open book rights for the MOD through contractual agreement, in single-source sub-contracts that are not QSCs but are entered into for the purpose of a QDC, when those sub-contracts are equal to, or greater than, £1M and at least 50% of the sub-contract by value is required either:

- to enable performance of the contract; or
- to enable the combined performance of the contract and any other QDC to which the contractor (or any related group company of the contractor) is a party.

The DEFCON requires the open book requirements to be flowed-down through a single-source contract supply chain where the value of each single-source sub-contract in the chain is equal to, or greater than £1M. The flow-down is achieved by the inclusion in the sub-contract by the contractor the text within the Appendix to DEFCON 802.

DEFCON 803 (Edn 04/21) QDC: Disapplication of the Final Price Adjustment

Application – use of this DEFCON is in exceptional cases only (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)) where you have obtained 1* Commercial approval and where:

- you assess a contract to be a Qualifying Defence Contract (QDC);
- you price the contract, or defined components of the contract, on a firm, fixed or volume driven price basis;
- the contract, or the total value of the defined components, has a value equal to, or more than £5M; and
- the contract value is below £50M.

This DEFCON is not applicable to Template 1 or ISC as it only applies to QDCs valued at £5M and below £50M.

This DEFCON is not included in Template 2 but can be added if required.

Summary – the Single Source Contract Regulations 2014 (SSCR) impose a Final Price Adjustment (FPA) on all QDCs in excess of £5M and all Qualifying Sub-contracts (QSCs) in excess of £50M, where those contracts, or defined components of those contracts, have been priced using the firm, fixed or volume driven pricing method. The SSCR FPA is activated where the contractor's actual profit or loss on a firm, fixed or volume driven price QDC (or QSC) exceeds the levels set out in the SSCR.

For QDCs and QSCs valued at or above £50M, this FPA mechanism must apply. Therefore, you **must not** include this DEFCON in any QDC or QSC at or above £50M. However, for QDCs with a value of £5M and up to £50M, the SSCR gives the MOD discretion whether or not to retain the price adjustment mechanism. The MOD's default position is that we will retain the FPA protection, in which case this DEFCON should **not** be included.

However, where you decide there is good justification for not retaining the FPA, you should include this DEFCON 803. For example, when your QDC is the first contract in a phased series of contracts and you wish to incentivise the contractor to achieve the maximum cost reduction on the first contract. The contractor will benefit in the first contract and the MOD should benefit in lower prices for subsequent contracts. There is further guidance on when it might be appropriate for MOD to dis-apply FPA at [Chapter 4 of the SSPR Guidance](#).

DEFCON 804 (Edn 03/15) or SC2 (Edn 11/17) QDC: Confidentiality of Single Source Contract Regulations Information

Application – include in any contract you assess to be a Qualifying Defence Contract (QDC), where applicable (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)) and summary below.

This DEFCON is not applicable to Template 1 or ISC as it only applies to QDCs valued at £5M and above.

This DEFCON is not included in Template 2 but can be added if required.

Summary – the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR) require contractors and sub-contractors to provide the MOD with a variety of information relating to a QDC and / or QSC. Some of the information provided will be of a confidential nature. Although the MOD has received it under a regime offering statutory protections to contractors it has been agreed with industry to also offer a contractual protection.

This DEFCON sets out the MOD's obligations in relation to information of a confidential nature obtained under the SSCR and DRA. DEFCON 531 is not an appropriate protection because it allows for disclosure of information in circumstances which differ from those in which disclosure is permitted under the DRA. The intention is that DEFCON 804 will align with the circumstances of permitted disclosures as that in the DRA. This DEFCON will take precedence over any conflicting provisions elsewhere in the contract, including DEFCON 531 or any bespoke confidentiality provisions. If this is inappropriate to your contract you must not include this DEFCON.

The DEFCON requires equivalent provisions to be flowed-down the single-source contract supply chain where those sub-contracts are QSCs.

You should note the obligation under clause 5 of this DEFCON when disclosing SSCR Information to the Authority's professional advisors or consultants, to obtain an enforceable obligation to keep the SSCR information confidential in terms at least as extensive and binding on them as terms of this DEFCON are on the Authority.

DEFCON 811 (Edn 12/14) or SC2 (Edn 11/17) Single Source: Profit and Loss Sharing on Firm / Fixed Price Contracts

Application – may be considered for inclusion in a contract (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)) where:

- the contract is not the result of a competitive process (as defined in the Single Source Contract Regulations 2014 (SSCR));
- the contract is not a Qualifying Defence Contract;

- the entire contract or a part of the contract is priced on a firm or fixed price basis;
- the value of the contract (where entirely priced on a firm or fixed price basis) or any defined parts of the contract which are priced on that basis, is equal to or greater than £5M; and
- the Authority requires using an equivalent profit / loss sharing mechanism to that used in the SSCR.

This DEFCON is not applicable to Template 1 or ISC as it only applies to Single Source Non-QDCs valued at £5M and above.

This DEFCON is not included in Template 2 but can be added if required.

Summary – this provides for an equivalent mechanism to that used in the SSCR for the sharing between the parties of excess profit or loss made under firm / fixed price contracts. This DEFCON must NOT be used in existing contracts which contain DEFCON 648A.

The DEFCON also requires the profit / loss sharing mechanism to be flowed-down through a single-source contractual chain where the sub-contracts, or defined parts of them, are priced on a firm / fixed price basis, and the value of the firm / fixed price(s) exceed £50M.

If your contract is priced on a 'volume driven' basis please seek the advice of the [Commercial Policy Help Desk](#) regarding inclusion of this DEFCON in your contract.

DEFCON 812 (Edn 04/15) Single Source Open Book

Application – to be included in a contract (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)) where:

- the contract is not the result of a competitive process (as defined in the Single Source Contract Regulations 2014 (SSCR));
- the contract is not a Qualifying Defence Contract; and
- the contract is valued at £1m or above.

This DEFCON is not applicable to Template 1 or ISC as it only applies to Single Source Non-QDCs valued at £1M and above.

This DEFCON is not included in Template 2 can be added if required.

Summary – The 'open book' provisions of the SSCR require contractors and sub-contractors which are subject to the SSCR to maintain relevant accounting and other records and provides rights for the MOD (or representative) to have access to those records for the purpose of verifying costs and monitoring performance. The purpose of this DEFCON is to secure equivalent open book rights for the MOD in single-source contracts and sub-contracts which are not subject to the SSCR and which are valued at or above £1M. There is also a requirement in the DEFCON for the open book provisions to be flowed-down through a single-source

contractual chain where the value of those sub-contracts is each equal to, or greater than £1M.

DEFCON 813 (Edn 12/14) Single Source Contract Reports and Notifications

Application – may be considered for inclusion in a contract (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)) where:

- the contract is not the result of a competitive process (as defined in the Single Source Contract Regulations 2014 (SSCR));
- the contract is not a Qualifying Defence Contract;
- the contract is valued at £5M or above; and
- the MOD requires a reporting regime equivalent to that which exists under the Defence Reform Act 2014 (DRA) and SSCR to apply to the contract and certain single-source sub-contracts.

This DEFCON is not applicable to Template 1 or ISC as it only applies to Non-QDCs valued at £5M and above.

This DEFCON is not included in Template 2 but can be added if required.

Summary – The reporting provisions of the SSCR require contractors and sub-contractors which are subject to the SSCR to provide to the MOD and the Single Source Regulations Office (SSRO) a range of standard reports. In addition, the SSCR also require contractors and sub-contractors to notify the MOD when they become aware of events and circumstances which are likely to have a material effect on the contract relating to performance / cost / time.

This DEFCON requires contractors, and sub-contractors where the requirement is flowed-down, to provide the MOD with such reports and notifications as if the contract or sub-contract had been subject to the SSCR.

This DEFCON also requires the reporting and notification obligations to be flowed-down through a single-source contractual chain where the value of those sub-contracts is each equal to, or greater than £25M.

DEFCON 814 (Edn 02/19) or SC2 (Edn 11/17) Single Source Confidentiality of Open Book and Reporting Information

Application – to be included in a contract (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)) where:

- the contract is not the result of a competitive process (as defined in the Single Source Contract Regulations 2014 (SSCR));
- the contract is not a Qualifying Defence Contract (QDC); and

- the contract includes either DEFCON 812 or DEFCON 813, or both

This DEFCON is not applicable to Template 1 or ISC as it only applies to Non-QDCs valued at £1M and above.

This DEFCON is not included in Template 2 but can be added if required.

Summary – for contracts which are not QDCs, but which contain either DEFCON 812 or DEFCON 813 or both this DEFCON 814 serves an equivalent purpose to that which DEFCON 804 serves for QDCs.

For QDCs and Qualifying Sub-contracts (QSC) a prime contractor or sub-contractor will have to provide a variety of information to the MOD, including standard reports and notifications. Some of that information is likely to be confidential and DEFCON 804 is available to provide contractual protection for such confidential information.

For a contract which is not a QDC, the contractor may nevertheless have agreed to the inclusion of either DEFCON 812 or DEFCON 813 or both, requiring the provision to the MOD of reports and notifications equivalent to those required under the SSCR, some of which will contain confidential information. The Authority may wish to aggregate this information with other information obtained under other single-source contracts, including those subject to the SSCR. This DEFCON 814 allows the MOD to do that, while providing contractual protection to the contractor in respect of that confidential information.

DEFCON 531 is not suitable for use in relation to information obtained under DEFCON 813 because it allows for disclosure of information in circumstances which differ from those in which disclosure is permitted under the Defence Reform Act 2014 (DRA). The intention is that the reporting and confidentiality requirements under DEFCON 813 and DEFCON 814 should align with the DRA and SSCR. This DEFCON is therefore drafted to prevail over any conflicting provisions, including DEFCON 531, and any bespoke confidentiality provisions. If this is inappropriate to your contract, you should not include this DEFCON.

There is also a requirement for the prime contractor to flow down this DEFCON where it has also flowed down DEFCON 813.

You should note the obligation under clause 5 of this DEFCON when disclosing Open Book and Reporting Information (OBR Information) to the MOD's professional advisors or consultants, to obtain an enforceable obligation to keep the OBR Information confidential in terms at least as extensive and binding on them as terms of this DEFCON are on the MOD.

DEFCON 815 (Edn 04/15) Contract Pricing Statement - Single Source Non-qualifying contracts

Application – to be included in a contract (see the [QDC / Non-QDC DEFCON Pricing Reference Table](#)) where:

- the contract is not the result of a competitive process (as defined in the [Single Source Contract Regulations 2014 \(SSCR\)](#));
- the contract is not a Qualifying Defence Contract; and

- the contract is valued at £1M or above.

This DEFCON is not applicable to Template 1 or ISC as it only applies to Non-QDCs valued at £1M and above.

This DEFCON is not included in Template 2 but can be added if required.

Summary - This DEFCON requires the Contractor to produce a Contract Pricing Statement setting out the key facts, assumptions and calculations used to arrive at the Contract Price. If the Contractor fails to do that, or if those facts, assumptions and calculations are subsequently shown to have been unreasonable or unsuitable given the information available to the Contractor at the time of pricing, then the Authority should be able to claim against the Contractor for any loss it may have suffered as a result. Similar protections should be available to the Contractor, in relation to information provided by the MOD at the time of pricing, which were material to the contract price agreed.

To maintain the MOD's post-costing rights, and its ability to detect problems with the original contract pricing, you must include DEFCON 812 (Single Source Open Book) in addition to DEFCON 815 in all single source Non-qualifying contracts of £1M or more. Please see the [Pricing of Single Source Non-qualifying contracts](#) topic for more information.