

## Appendix 2: Defined pricing structure

Existing guidance	Updated Guidance	Rationale for change
<p>4.25 The glossary at Appendix 2 provides definitions for each of the above DPS equipment types. Contractors should consider the outputs being delivered and/ or the services being provided within the contract and select a DPS which most closely matches these. The contractor should agree which of the 16 DPS templates is to be used with the MOD before reporting. Where a non-standard (not one of the 16) structure is agreed with the MOD, the contractor should contact the SSRO helpdesk or call 0203 771 4785 to discuss how this can be reported.</p>	<p>4.22 The glossary at Appendix 2 provides definitions for each of the above DPS equipment types. Contractors should consider the outputs being delivered and/ or the services being provided within the contract and select a DPS which most closely matches these. The contractor should seek input from the MOD and agree with the MOD which of the 16 DPS templates is to be used before reporting. Where a non-standard (not one of the 16) structure is agreed with the MOD, the contractor should contact the SSRO helpdesk or call 0203 771 4785 to discuss how this can be reported.</p>	<p>Changes following Review of legislation consultation.</p>
<p>4.30 The level of relevant detail that a contractor provides should relate to the total contract value. The larger a contract, the more detail is expected (footnote). Footnote– The required length of the DPS will vary depending on the contract value. As not all categories or levels need to be completed for each contract, the predicted length of the DPS is as follows:</p> <ul style="list-style-type: none"> <li>• Under £10m: 10 – 20 rows</li> <li>• Under £100m: 30 – 60 rows</li> <li>• Over £100m: 60 – 100 rows</li> </ul> <p>4.31 Contractors should use a consistent approach when apportioning costs to the DPS within reports. All reasonable efforts should be made to include cost data accurately or at least to the nearest £10,000. Where the costs of items cannot be mapped directly, they need to be either estimated or a pro rata value used. Contractors should be prepared to demonstrate this approach, and are requested to provide the following</p>	<p>4.27 The contractor should report against the relevant DPS headings and agree the approach being taken with the MOD.</p> <p>The contractor should consider the following things when discussing with the MOD:</p> <ul style="list-style-type: none"> <li>• whether the number of lines selected in the DPS is proportionate for the quantum of Allowable Costs being reported;</li> <li>• whether the contractor needs to inform the MOD about difficulties they may have in the availability of the financial information they need to meet this reporting requirement;</li> <li>• the specification or requirement under the contract and the extent to which the DPS lines apply (e.g. a whole platform may require more lines to be completed than a component); and</li> <li>• all reasonable efforts should be made to include cost data accurately or at least to the nearest £10,000. Contractors should report at</li> </ul>	<p>Changes following Review of legislation consultation.</p>

**Reporting guidance update:** Summary of changes and response to consultation

Existing guidance	Updated Guidance	Rationale for change
<p>information with the DPS:</p> <ul style="list-style-type: none"> <li>• mapping documents from the work breakdown structure (WBS) to programme management costs (if applicable) and to the DPS; and</li> <li>• the method of apportionment of costs.</li> </ul>	<p>this level of accuracy unless the MOD agrees that a lower level of precision is required.</p> <p>At each DPS level, DefCARS will aggregate data provided at lower levels, so that at the top level (level one), the DPS will show the total allowable costs (excluding risk contingency). The DPS structure should include outputs that will be provided by sub-contractors.</p> <p>4.28 Contractors should use a consistent approach when apportioning costs to the DPS within reports. All reasonable efforts should be made to include cost data accurately or at least to the nearest £10,000 unless a lower level of precision has been agreed with the MOD. Where the costs of items cannot be mapped directly, they need to be either estimated or a pro rata value used. Contractors should be prepared to demonstrate this approach, and are requested to provide the following information with the DPS:</p> <ul style="list-style-type: none"> <li>• mapping documents from the work breakdown structure (WBS) to programme management costs (if applicable) and to the DPS; and</li> <li>• the method of apportionment of costs.</li> </ul>	