



Defence Reform Act 2014

2014 CHAPTER 20

PART 2

SINGLE SOURCE CONTRACTS

Pricing of contracts

15 Pricing of contracts

- (1) Single source contract regulations must make provision about determining the price payable under a qualifying defence contract [^{F1}, and, where the contract is divided into components, each component of that contract,] to the primary contractor.
- [^{F2}(2) The regulations must provide for the price payable under the contract, or any component, to be determined—
 - (a) in accordance with the formula in subsection (4), or
 - (b) in such circumstances as may be specified in the regulations, in accordance with another method.
- (2A) The regulations must only specify circumstances for the purposes of subsection (2)(b) if the Secretary of State is satisfied that the factors referred to in section 13(2) may be ensured in those circumstances if another method is used.
- (2B) The regulations may also make provision requiring a particular method specified in the regulations to be used in certain of the circumstances specified for the purposes of subsection (2)(b).]
- (3) The regulations must provide that where the Secretary of State and the primary contractor propose to amend the contract [^{F3}or each amended component of that contract,] in a way that would affect the price determined by virtue of subsection (2) or this subsection—
 - (a) the price payable under the amended contract must be re-determined in accordance with [^{F4}the method applicable by virtue of subsection (2)], or

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- (b) the price payable in respect of the amendment must be determined in accordance with that [^{F5}method].

(4) The formula is—

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

where—

- a “CPR” is the contract profit rate for the contract [^{F6}or component] (see section 17), and
b “AC” means the primary contractor's allowable costs under the contract [^{F7}or component] (see section 20).

(5) The regulations may provide for a determination by virtue of subsection (2) or (3) to be made at such times as may be specified in the regulations (and different times may be specified for different kinds of contract [^{F8}or component]).

[^{F9}(6) In this Part, “component”, in relation to a contract, means a part of the contract that is to be treated distinctly from other such parts in determining the price payable under the contract.

(7) For the purposes of subsection (6), a part of a contract is to be treated distinctly if—
(a) single source contract regulations contain provision to that effect, or
(b) the parties to the contract agree that it should.

(8) Single source contract regulations may make provision about when parts of a qualifying defence contract are or are not to be treated distinctly from other parts of the same contract.]

Textual Amendments

- F1** Words in s. 15(1) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 3(2)**; S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)
F2 S. 15(2)-(2B) substituted for s. 15(2) (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 3(3)**; S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)
F3 Words in s. 15(3)(a) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 3(4)(a)**; S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)
F4 Words in s. 15(3)(a) substituted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 3(4)(b)**; S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)
F5 Word in s. 15(3)(b) substituted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 3(5)**; S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)
F6 Words in s. 15(4) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 3(6)(a)**; S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)
F7 Words in s. 15(4) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 3(6)(b)**; S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)
F8 Words in s. 15(5) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 3(7)**; S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)
F9 S. 15(6)-(8) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 3(8)**; S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)

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Commencement Information

- I1** S. 15 in force at 14.7.2014 for specified purposes by S.I. 2014/1751, art. 4(b)
I2 S. 15 in force at 5.12.2014 in so far as not already in force by S.I. 2014/3162, art. 3(a)

16 Pricing of contracts: supplementary

- (1) Single source contract regulations may specify circumstances in which, if the Secretary of State and the primary contractor so agree—
- (a) the price determined in accordance with section 15 is to be taken as a target price, and
 - (b) the total price payable under the contract is subject to adjustment by reference to any difference between—
 - (i) the amount of the primary contractor's actual allowable costs under the contract [^{F10}or, where relevant, a component of that contract], and
 - (ii) the amount of the estimated allowable costs used for the purpose of determining the target price.
- (2) The amount of any adjustment by virtue of subsection (1)(b) must be determined—
- (a) by agreement between the Secretary of State, or an authorised person, and the primary contractor, or
 - (b) by the SSRO, where the matter is referred to it by the Secretary of State, an authorised person or the primary contractor.
- (3) Section 21 (final price adjustment) does not apply to a contract in a case where an agreement of a kind mentioned in subsection (1) has effect.
- [^{F11}(4) Single source contract regulations may provide that the SSRO—
- (a) must, on an application by a person within subsection (5), determine whether the method used to determine the price payable under a qualifying defence contract or a component of that contract was appropriate;
 - (b) may, in consequence of a determination under paragraph (a), determine that the price payable under the contract is to be adjusted by an amount specified by the SSRO.
- (5) The following persons are within this subsection—
- (a) the Secretary of State,
 - (b) an authorised person, and
 - (c) the primary contractor.]

Textual Amendments

- F10** Words in s. 16(1)(b)(i) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), Sch. 10 para. 4(2); S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)
F11 S. 16(4)(5) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), Sch. 10 para. 4(3); S.I. 2024/61, reg. 2(1)(b)(iii) (with reg. 3)

Commencement Information

- I3** S. 16 in force at 14.7.2014 for specified purposes by S.I. 2014/1751, art. 4(c)
I4 S. 16 in force at 5.12.2014 in so far as not already in force by S.I. 2014/3162, art. 3(a)

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17 Contract profit rate

- (1) Single source contract regulations must make provision for determining the contract profit rate for a qualifying defence contract [^{F12}, or, where the contract is divided into components, any component of that contract].

- (2) The regulations must provide for the determination to be made by taking the following sequence of steps, subject to section 18(2)—

Step 1 Take the baseline profit rate (see section 19) which is in force at the relevant time. “The relevant time” means—

- (a) in a case within section 15(2)—
 - (i) when the contract is entered into, if the contract is a qualifying defence contract by virtue of section 14(3), or
 - (ii) when the contract is amended, if the contract is a qualifying defence contract by virtue of section 14(4) or (5);

- (b) in a case within section 15(3), when the contract is amended.

Step 2 Adjust that rate by an agreed amount, being an amount falling within specified parameters above or below the baseline profit rate, so as to reflect [^{F13}the financial risks to the primary contractor of entering into the contract or component, taking into account the particular type of activities to be carried out by the primary contractor under that contract or component.]. “Specified” means specified in the regulations.

F14 ...

F14 ...

Step [^{F15}3] Where the Secretary of State determines that the amount resulting from step [^{F16}2] should be increased so as to give the primary contractor a particular financial incentive as regards the performance of provisions of the contract [^{F17}or component] specified by the Secretary of State, increase that amount by an amount specified by the Secretary of State. [^{F18}In specifying provisions of the contract or component, the Secretary of State must comply with any requirements imposed by the regulations, and] any increase must not exceed the maximum increase permitted by the regulations.

Step [^{F15}4] Take the amount resulting from step [^{F19}3] and add to or subtract from it an agreed amount, so as to ensure that the primary contractor receives an appropriate and reasonable return on the fixed and working capital employed by the primary contractor for the purposes of enabling the primary contractor to perform the contract [^{F20}or component]. This adjustment—

- (a) is to be made having regard to the capital servicing rates determined under section 19, but
- (b) does not apply to the extent that the costs of the fixed and working capital employed by the primary contractor are allowable costs under the contract [^{F20}or component].

- (3) The contract profit rate is—

- (a) the amount found at the end of step [^{F21}4] in subsection (2), or
- (b) in a case where step [^{F21}4] is disapplied under section 18(2)(a), the amount found at the end of the last of the steps in subsection (2) that apply in that case.

- (4) For the purposes of subsection (2)—

- (a) “agreed” means agreed by the Secretary of State, or an authorised person, and the primary contractor;

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(b) the adjustment agreed under step 2, 3 or [F224] may be zero.

Textual Amendments

- F12** Words in s. 17(1) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(2)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F13** Words in s. 17(2) substituted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(3)(a)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F14** Words in s. 17(2) omitted (19.1.2024) by virtue of Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(3)(b)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F15** Words in s. 17(2) renumbered (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(3)(b)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F16** Word in s. 17(2) substituted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(3)(c)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F17** Words in s. 17(2) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(3)(d)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F18** Words in s. 17(2) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(3)(e)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F19** Word in s. 17(2) substituted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(3)(f)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F20** Words in s. 17(2) inserted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(3)(g)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F21** Word in s. 17(3) substituted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(4)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F22** Word in s. 17(4)(b) substituted (19.1.2024) by Procurement Act 2023 (c. 54), s. 127(2), **Sch. 10 para. 9(5)**; S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)

Commencement Information

- I5** S. 17 in force at 14.7.2014 for specified purposes by S.I. 2014/1751, **art. 4(d)**
- I6** S. 17 in force at 5.12.2014 in so far as not already in force by S.I. 2014/3162, **art. 3(a)**

18 Contract profit rate: supplementary

- (1) The Secretary of State or an authorised person, and the primary contractor, must have regard to guidance issued by the SSRO in relation to any of the steps set out in section 17(2).
- (2) Single source contract regulations may—
- (a) disapply the requirement to take any or all of steps 2 to [F234] in section 17(2) in relation to a qualifying defence contract the value of which is less than the amount specified for the purposes of this paragraph [F24], or a component of such a contract;
 - (b) provide for any or all of those steps to apply in relation to such a contract [F25 or component] with modifications set out in the regulations;
 - (c) where the Secretary of State is a party to a group of qualifying defence contracts with the same primary contractor, provide for section 17(2) to apply in relation to those contracts [F26 or components of those contracts]—
 - (i) taken together or individually, and
 - (ii) with such modifications as may be set out in the regulations.
- (3) Single source contract regulations may provide that the SSRO—

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- [^{F27}(a) may, on an application by a person within subsection (4), determine whether—
- (i) the baseline profit rate identified under step 1 in section 17(2) is correct in relation to a qualifying defence contract or a component of such a contract;
 - (ii) an adjustment agreed under any of steps 2 to 4 in section 17(2) is appropriate;
 - (iii) an adjustment agreed under step 3 in section 17(2) is in accordance with the regulations];
- (b) may, in consequence of a determination by virtue of paragraph (a) that the amount of such an adjustment is not appropriate, determine that the price payable under the contract is to be adjusted by an amount specified by the SSRO.
- (4) The following persons are within this subsection—
- (a) the Secretary of State,
 - (b) an authorised person, and
 - (c) the primary contractor.

Textual Amendments

- F23** Word in s. 18(2)(a) substituted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 10\(2\)\(a\)](#); S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F24** Words in s. 18(2)(a) inserted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 10\(2\)\(b\)](#); S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F25** Words in s. 18(2)(b) inserted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 10\(3\)](#); S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F26** Words in s. 18(2)(c) inserted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 10\(4\)](#); S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)
- F27** S. 18(3)(a) substituted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 10\(5\)](#); S.I. 2024/61, reg. 2(1)(b)(iv) (with reg. 3)

Commencement Information

- I7** [S. 18](#) in force at 14.7.2014 for specified purposes by [S.I. 2014/1751](#), [art. 4\(e\)](#)
- I8** [S. 18](#) in force at 5.12.2014 in so far as not already in force by [S.I. 2014/3162](#), [art. 3\(a\)](#)

19 Rates etc relevant to determining contract profit rate

- (1) The Secretary of State must, for each financial year, determine—
- the baseline profit rate,
 - ^{F28}...
 - the capital servicing rate for fixed capital, and
 - the capital servicing rate for working capital.
- (2) For the purpose of assisting the Secretary of State in determining for a financial year each of the rates mentioned in subsection (1) ^{F29}..., the SSRO must provide the Secretary of State with its assessment of what is the appropriate rate ^{F30}... for that year.
- (3) The SSRO—
- (a) must provide its assessment to the Secretary of State no later than 31 January in the preceding financial year, and

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- (b) must, in preparing its assessment, have regard to such matters as may be specified in guidance issued by the Secretary of State (as well as other matters that appear to the SSRO to be relevant).
- (4) The Secretary of State must publish each of the rates mentioned in subsection (1) for a financial year ^{F31}... in the London Gazette no later than 15 March in the preceding financial year.
- (5) Subsection (6) applies if, in the case of a particular rate ^{F32}..., there is a difference between the rate ^{F33}... determined under subsection (1) and the SSRO's assessment of the appropriate rate ^{F33}... for the financial year in question.
- (6) The Secretary of State must, when publishing the relevant rate ^{F34}..., also publish reasons for the difference.

Textual Amendments

- F28** Words in s. 19(1) omitted (19.1.2024) by virtue of [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 11\(2\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(iv\)](#) (with [reg. 3](#))
- F29** Words in s. 19(2) omitted (19.1.2024) by virtue of [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 11\(3\)\(a\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(iv\)](#) (with [reg. 3](#))
- F30** Words in s. 19(2) omitted (19.1.2024) by virtue of [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 11\(3\)\(b\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(iv\)](#) (with [reg. 3](#))
- F31** Words in s. 19(4) omitted (19.1.2024) by virtue of [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 11\(4\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(iv\)](#) (with [reg. 3](#))
- F32** Words in s. 19(5) omitted (19.1.2024) by virtue of [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 11\(5\)\(a\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(iv\)](#) (with [reg. 3](#))
- F33** Words in s. 19(5) omitted (19.1.2024) by virtue of [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 11\(5\)\(b\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(iv\)](#) (with [reg. 3](#))
- F34** Words in s. 19(6) omitted (19.1.2024) by virtue of [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 11\(6\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(iv\)](#) (with [reg. 3](#))

Commencement Information

- I9** S. 19(1)(4) in force at 14.7.2014 by S.I. 2014/1751, [art. 3\(b\)](#)
- I10** S. 19(2)(3)(5)(6) in force at 5.12.2014 by S.I. 2014/3162, [art. 3\(b\)](#)

20 Allowable costs

- (1) The SSRO must issue guidance about determining whether costs are allowable costs under qualifying defence contracts.
 - (2) In determining whether a particular cost is an allowable cost under a qualifying defence contract [^{F35}, or, where the contract is divided into components, a component of that contract], the Secretary of State or an authorised person, and the primary contractor, must be satisfied that the cost is—
 - (a) appropriate,
 - (b) attributable to the contract [^{F36}or component], and
 - (c) reasonable in the circumstances.
- [^{F37}(2A) Single source contract regulations may provide that the requirements set out in subsection (2)(a) to (c) are not met in relation to a cost where the cost arises from profits made by a person connected with the primary contractor.

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- (2B) The regulations may specify the circumstances in which a person is connected with the primary contractor.]
- (3) In determining whether the requirements set out in subsection (2)(a) to (c) are met in relation to a particular cost, the Secretary of State or an authorised person, and the primary contractor, must have regard to guidance issued under subsection (1).
- (4) The Secretary of State or an authorised person may at any time require a primary contractor to show (whether by reference to guidance issued under subsection (1) or otherwise) that the requirements set out in subsection (2)(a) to (c) are met in relation to a particular cost claimed by the primary contractor as an allowable cost under a qualifying defence contract [^{F38}, or where the contract is divided into components, a component of that contract.]
- [^{F39}(5) Where a person within subsection (5A) applies to the SSRO for such a determination, the SSRO must determine—
- (a) the extent to which a cost is or would be an allowable cost under a qualifying defence contract or a component of such a contract, or
 - (b) the extent to which a method which is used or may be used to determine a cost under a qualifying defence contract or a component of such a contract would result in that cost being an allowable cost under such a contract or component.
- (5A) The following persons are within this subsection—
- (a) the Secretary of State;
 - (b) an authorised person;
 - (c) a primary contractor under a qualifying defence contract;
 - (d) a potential primary contractor.]
- (6) The SSRO may determine that the price payable under [^{F40}a qualifying defence contract] is to be adjusted by an amount specified by the SSRO in consequence of a determination under subsection (5), having regard to the extent to which the cost in question was treated as an allowable cost when the price payable under the contract was determined (or last determined) in accordance with section 15.

Textual Amendments

- F35** Words in s. 20(2) inserted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 12\(2\)\(a\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(v\)](#) (with [reg. 3](#))
- F36** Words in s. 20(2)(b) inserted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 12\(2\)\(b\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(v\)](#) (with [reg. 3](#))
- F37** S. 20(2A)(2B) inserted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 12\(3\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(v\)](#) (with [reg. 3](#))
- F38** Words in s. 20(4) inserted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 12\(4\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(v\)](#) (with [reg. 3](#))
- F39** S. 20(5)(5A) substituted for s. 20(5) (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 12\(5\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(v\)](#) (with [reg. 3](#))
- F40** Words in s. 20(6) substituted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 12\(6\)](#); S.I. 2024/61, [reg. 2\(1\)\(b\)\(v\)](#) (with [reg. 3](#))

Commencement Information

- I11** S. 20 in force at 14.7.2014 for specified purposes by S.I. 2014/1751, [art. 4\(f\)](#)
- I12** S. 20 in force at 5.12.2014 in so far as not already in force by S.I. 2014/3162, [art. 3\(c\)](#)

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21 Final price adjustment

- (1) Single source contract regulations may provide for adjustments to be made to the total price payable by the Secretary of State under a qualifying defence contract.
- (2) The regulations must specify the procedure to be followed in determining the amount of any adjustment.
- [^{F41}(2A) Provision made under subsection (2) may include provision dealing with how, in the case of a qualifying defence contract divided into components, the components are to be taken into account in determining the amount of any adjustments to the total price payable under such a contract.]
- (3) Provision made under subsection (2) must include provision for the amount of any adjustment to be determined—
 - (a) by agreement between the Secretary of State, or an authorised person, and the primary contractor, or
 - (b) by the SSRO, where the matter is referred to it by the Secretary of State, an authorised person or the primary contractor.
- (4) Provision under this section may be expressed so as to apply—
 - (a) to particular kinds of qualifying defence contracts;
 - (b) to qualifying defence contracts the value of which is of or above the amount specified for the purposes of this paragraph.
- (5) The Secretary of State may direct that provision under this section does not apply in relation to a qualifying defence contract the value of which is—
 - (a) of or above the amount specified for the purposes of subsection (4)(b), but
 - (b) less than the amount specified for the purposes of this paragraph in the regulations.
- (6) The regulations may specify matters to which the Secretary of State must have regard in deciding whether to make a direction under subsection (5).

Textual Amendments

- F41** [S. 21\(2A\)](#) inserted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 5](#); [S.I. 2024/61](#), [reg. 2\(1\)\(b\)\(iii\)](#) (with [reg. 3](#))

Commencement Information

- I13** [S. 21](#) in force at 14.7.2014 for specified purposes by [S.I. 2014/1751](#), [art. 4\(g\)](#)
I14 [S. 21](#) in force at 5.12.2014 in so far as not already in force by [S.I. 2014/3162](#), [art. 3\(c\)](#)

22 Recovery of unpaid amounts

- (1) This section applies where—
 - (a) the SSRO determines by virtue of section [^{F42}16(4),] 18(3)(b), 20(6) or 21(3) (b) that the price payable under a qualifying defence contract is to be adjusted, and
 - (b) as a result of the adjustment—
 - (i) the Secretary of State is required to pay an amount to the primary contractor, or

Changes to legislation: Defence Reform Act 2014, Cross Heading: Pricing of contracts is up to date with all changes known to be in force on or before 01 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (ii) the primary contractor is required to repay an amount to the Secretary of State.
- (2) If all or part of the amount mentioned in subsection (1)(b)(i) or (ii) is not paid or repaid before the payment date, the unpaid balance carries interest from that date at the rate for the time being specified in section 17 of the Judgments Act 1838.
- (3) The “payment date” is the date determined by the SSRO, in making the determination in question, as the date by which the amount must be paid or repaid.
- (4) The person to whom the amount is required to be paid or repaid (“the creditor”) may recover from the other person as a debt due to the creditor the unpaid balance and any unpaid interest.

Textual Amendments

F42 Word in [s. 22\(1\)\(a\)](#) inserted (19.1.2024) by [Procurement Act 2023 \(c. 54\)](#), s. 127(2), [Sch. 10 para. 6](#); [S.I. 2024/61](#), [reg. 2\(1\)\(b\)\(iii\)](#) (with [reg. 3](#))

Commencement Information

I15 [S. 22](#) in force at 5.12.2014 by [S.I. 2014/3162](#), [art. 3\(c\)](#)

Changes to legislation:

Defence Reform Act 2014, Cross Heading: Pricing of contracts is up to date with all changes known to be in force on or before 01 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 25(8A) inserted by [2023 c. 54 Sch. 10 para. 13\(3\)](#)
- s. 35A inserted by [2023 c. 54 Sch. 10 para. 19](#)