



# Defence Reform Act 2014

## 2014 CHAPTER 20

### PART 2

#### SINGLE SOURCE CONTRACTS

##### *Pricing of contracts*

#### **19 Rates etc relevant to determining contract profit rate**

- (1) The Secretary of State must, for each financial year, determine—  
the baseline profit rate,  
<sup>F1</sup> ...  
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) <sup>F2</sup>..., the SSRO must provide the Secretary of State with its assessment of what is the appropriate rate <sup>F3</sup>... 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
  - (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 <sup>F4</sup>... 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 <sup>F5</sup>..., there is a difference between the rate <sup>F6</sup>... determined under subsection (1) and the SSRO's assessment of the appropriate rate <sup>F6</sup>... for the financial year in question.

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*Changes to legislation:* There are outstanding changes not yet made by the [legislation.gov.uk](#) editorial team to Defence Reform Act 2014. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

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- (6) The Secretary of State must, when publishing the relevant rate <sup>F7</sup>..., also publish reasons for the difference.

#### Textual Amendments

- F1** 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](#))
- F2** 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](#))
- F3** 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](#))
- F4** 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](#))
- F5** 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](#))
- F6** 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](#))
- F7** 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

- I1** [S. 19\(1\)\(4\)](#) in force at 14.7.2014 by [S.I. 2014/1751](#), [art. 3\(b\)](#)
- I2** [S. 19\(2\)\(3\)\(5\)\(6\)](#) in force at 5.12.2014 by [S.I. 2014/3162](#), [art. 3\(b\)](#)

**Changes to legislation:**

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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](#)