



Defence Reform Act 2014

2014 CHAPTER 20

PART 2

SINGLE SOURCE CONTRACTS

Compliance

32 Penalty notice

- (1) The Secretary of State may give a person a penalty notice in the cases set out in subsections (2) and (3).
- (2) The first case is where the Secretary of State thinks that the person—
 - (a) has failed to take the steps specified in a compliance notice, and
 - (b) does not have a reasonable excuse for the failure.
- (3) The second case is where—
 - (a) the person has contravened section 31, and
 - (b) the Secretary of State does not think that there are steps that can be taken by the person to remedy the contravention.
- (4) A penalty notice is a notice requiring the person to pay a penalty to the Secretary of State before the end of the period of six months beginning with the date on which the notice is given.
- (5) A penalty notice must be given before the end of the period specified in single source contract regulations.
- (6) A penalty notice must—
 - (a) specify the contravention to which the notice relates,
 - (b) state the amount of the penalty (as to which, see section 33),
 - (c) specify the date by which the penalty must be paid (subject to subsection (8)),
 - (d) specify how the penalty may be paid,

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- (e) give details of the interest that would be payable by virtue of section 34(2) in relation to any part of the penalty that is unpaid after the date specified under paragraph (c), and
 - (f) explain how the person may apply to the SSRO, before the end of the period mentioned in subsection (4), for a determination of any of the matters mentioned in subsection (7).
- (7) Those matters are—
- (a) whether the person has contravened section 31 or failed to take the steps specified in a compliance notice (or both);
 - (b) whether the person had a reasonable excuse for contravening section 31 or failing to take the steps specified in a compliance notice (or both);
 - (c) the amount of the penalty.
- (8) Where a person applies to the SSRO for a determination of a matter mentioned in subsection (7)—
- (a) the SSRO must determine the matter and the penalty is not payable until it has done so,
 - (b) in determining the matter, the SSRO may—
 - (i) substitute its own decision for any decision of the Secretary of State (and may vary the amount of the penalty or cancel the penalty notice), and
 - (ii) state the date by which the penalty must be paid (except where the SSRO cancels the penalty notice), and
 - (c) the SSRO's determination is final.
- (9) A penalty notice may specify circumstances in which a penalty of a reduced amount specified in the notice is payable.
- (10) Single source contract regulations may replace the time limit for the time being specified in subsection (4).

Commencement Information

- I1** S. 32 in force at 14.7.2014 for specified purposes by S.I. 2014/1751, art. 4(p)
- I2** S. 32 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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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](#)