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## STATUTORY INSTRUMENTS

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# 2014 No. 3337

## The Single Source Contract Regulations 2014

### PART 5

#### Reports on qualifying defence contracts

##### General requirements and interpretation

**22.**—(1) In relation to any qualifying defence contract, the primary contractor must provide the reports specified in this Part.

(2) Every report provided under this Part must contain the following information—

- (a) the name, position and contact details of—
  - (i) the individual submitting the report;
  - (ii) an individual to be notified if any compliance notice or penalty notice is given in relation to the contract to which the report relates; and
  - (iii) the civil servant who is responsible for managing the contract on behalf of the Secretary of State;
- (b) the date the report is due;
- (c) the date the report is submitted;
- (d) any unique identifying number allocated to the contract by the contractor;
- (e) any unique identifying number allocated to the contract by the Secretary of State;
- (f) any contract title set out in the contract;
- (g) a brief description of the goods, works or services that are to be provided under the contract;
- (h) the date on which the contract was entered into;
- (i) the contract completion date (or, if that date is not known, the expected contract completion date);
- (j) the date and reference number of the most recent amendment which affects the price payable under the contract (if any);
- (k) the regulated pricing method or methods used in determining the price payable under the contract, and the amount of the price resulting from each method (if known); and
- (l) any business unit in relation to which a cost recovery rate has been used in determining the price payable under the contract.

(3) Every report provided under this Part by a contractor which is a registered company must contain the following information—

- (a) the registered name and company number of the contractor, and the address of its registered office;
- (b) any trading name which the contractor uses (if that is different from its registered name);

- (c) whether the contractor is an SME; and
- (d) the registered name and company number of any immediate parent undertaking of the contractor, and the address of its registered office.
- (4) Every report provided under this Part must—
  - (a) be provided in electronic form; and
  - (b) be provided to the Secretary of State and to the SSRO.
- (5) Where a regulation requires an annual profile, that annual profile must be presented in a tabular format, with columns representing a continuous range of financial years from that in which the contract was entered into until that in which the contract completion date falls or is expected to fall.
- (6) Subject to regulation 29(3) and (4), where a regulation requires a statement of actual costs, nevertheless—
  - (a) up to 5% of the costs may, without any explanation, be estimated costs;
  - (b) 5% or more of the costs may be estimated costs, if an explanation is given of—
    - (i) why it is not possible to provide actual costs at the time the report is provided; and
    - (ii) when actual costs will be available.
- (7) Where a regulation requires a breakdown of costs by defined pricing structure, that breakdown must be presented as a list of cost categories describing key components of the deliverables to be provided under the contract.
- (8) Except where otherwise provided in this Part, any reference to money in a report must be expressed in sterling.
- (9) In preparing a report, a contractor must have regard to any relevant guidance issued by the SSRO.
- (10) In this Part—
  - (a) a reference to a contract reporting plan includes any information which has been provided in response to a written direction made under regulation 30(3)(b);
  - (b) “calendar quarter” means any of the following periods—
    - (i) 1 January to 31 March;
    - (ii) 1 April to 30 June;
    - (iii) 1 July to 30 September; and
    - (iv) 1 October to 31 December;
  - (c) “the initial reporting date” means—
    - (i) in the case of a contract which is a qualifying defence contract by virtue of section 14(4) or (5), the date of the amendment mentioned in section 14(4)(c) or (5)(b);
    - (ii) in all other cases, the date the contract was entered into.

### **Contract pricing statement**

- 23.—**(1) The primary contractor must provide a contract pricing statement for the qualifying defence contract within one month of the initial reporting date.
- (2) A contract pricing statement must—
    - (a) set out any allowable costs and the contract profit rate used to determine the contract price;

- (b) set out the date and version of any statutory guidance made under section 18(1) or 20(1) in force at the time of agreement;
- (c) describe any known deviation from that statutory guidance made in determining the contract price;
- (d) describe the calculation that was made under regulation 11 to determine the contract profit rate, including all adjustments that were made under steps 1 to 6;
- (e) describe—
  - (i) the contractor's facts, assumptions and calculations relevant to each element of the allowable costs (including those relevant to any risk or contingency included in the allowable costs);
  - (ii) any facts or assumptions provided by the Secretary of State and used by the contractor in those calculations;
- (f) describe any other information which was material to the pricing of the contract.

### Contract reporting plan

**24.—**(1) The primary contractor must provide a contract reporting plan for the qualifying defence contract within one month of the initial reporting date.

(2) The contract reporting plan must contain the following information—

- [<sup>F1</sup>(a) the price that the contracting authority is committed to paying for the contract;]
- (b) a list of—
  - (i) every quarterly contract report (regulation 26), interim contract report (regulation 27), contract completion report (regulation 28) and contract costs statement (regulation 29) which will be required for the contract;
  - (ii) the dates on which those reports will be due;
- (c) if the contractor has agreed that it will provide any of the information described in regulation 30(3) (on-demand contract reports) without a written direction, a description of what it has agreed to provide;
- (d) a description of the defined pricing structure that the contractor will use in providing the reports required by this Part;
- (e) a list of the output metrics that will be used to describe deliverables in the reports required by this Part; and
- (f) a list of the cost recovery bases—
  - (i) that were used, or are expected to be used, in the determination of the contract price; and
  - (ii) that the contractor will use in making the reports required by this Part.

#### Textual Amendments

- F1** Reg. 24(2)(a) substituted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019](#) (S.I. 2019/1106), regs. 1, 8

### Contract notification report

**25.—**(1) The primary contractor must provide a contract notification report for the qualifying defence contract within one month of the initial reporting date.

- (2) The report must contain the following information—
- (a) a list of the key deliverables specified in the contract, with a brief description of each;
  - (b) the estimated quantum of those deliverables, expressed using the output metrics set out in the contract reporting plan;
  - (c) an annual profile (or, if the contractor is of the view that it is not possible to express these matters in an annual profile, the total amount) of the following matters which have been taken into account in determining the contract price—
    - (i) any risk contingency element included in the allowable costs;
    - (ii) planned amounts of profit, excluding any amount resulting from an adjustment determined under step 5 of regulation 11; and
    - (iii) the maximum amount of profit resulting from an adjustment determined under step 5 of regulation 11;
  - (d) an annual profile of any estimated costs (split by the defined pricing structure) at the initial reporting date;
  - (e) the total amount of those allowable costs (split by the defined pricing structure) that are non-recurring;
  - (f) an annual profile of the estimated amount of each cost recovery base set out in the contract reporting plan;
  - (g) a list of all payments exceeding £100,000 or 1% of the contract [<sup>F2</sup>price] (whichever is the greater) expected to be made by the Secretary of State under the contract, including—
    - (i) the expected amount of each payment;
    - (ii) the date on which each payment is expected to fall due; and
    - (iii) if the contract requires the payment to be made in any currency other than sterling, the currency in which the payment is to be made;
  - (h) if the contract requires payment to be made in sterling, an annual profile of all such payments which the contractor expects the Secretary of State will make;
  - (i) if the contract requires payment to be made in any currency other than sterling, an annual profile for each such currency of all payments which the contractor expects the Secretary of State will make;
  - (j) a list of—
    - (i) all delivery milestones set out in the contract; and
    - (ii) where the contract sets an expected date for a delivery milestone to be completed, that date;
  - (k) a description of any actual or intended sub-contracts which the primary contractor has entered into, or intends to enter into, for the purposes of enabling it to perform its obligations under the qualifying defence contract (including the total proportion of the [<sup>F3</sup>contract price] of the qualifying defence contract which the primary contractor expects to sub-contract); and
  - (l) in relation to each such sub-contract into which the primary contractor has entered or intends to enter, and which has or is expected to have a value of not less than £1,000,000<sup>F4</sup>...—
    - (i) if the sub-contractor is a registered company, its registered name and company number, and the address of its registered office;
    - (ii) if the sub-contractor is not a registered company, its name;
    - (iii) whether the sub-contractor is associated with the primary contractor;

- (iv) whether the sub-contractor is an SME;
  - (v) a brief description of the goods, works or services that will be provided under the sub-contract;
  - (vi) the date on which the sub-contract was, or is expected to be, entered into;
  - (vii) the contract completion date (or, if that date is not known, the expected contract completion date);
  - (viii) the (actual or estimated) price payable under the sub-contract; and
  - (ix) if an assessment has been made under regulation 61(1) or (4), the outcome of that assessment.
- [<sup>F5</sup>(m) in relation to each sub-contract which the primary contractor has entered into, or intends to enter into, and which has or is expected to have a value of not less than £15,000,000, if the primary contractor has made an assessment that the contract would not be a qualifying sub-contract—
- (i) the outcome of the negative assessment;
  - (ii) confirmation of whether the award of the contract is not, or would not be, the result of a competitive process; and
  - (iii) confirmation of whether the contract enables the performance of contracts other than a qualifying defence contract or qualifying sub-contract.]

#### Textual Amendments

- F2** Word in [reg. 25\(2\)\(g\)](#) substituted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), [regs. 1, 9\(2\)](#)
- F3** Words in [reg. 25\(2\)\(k\)](#) substituted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), [regs. 1, 9\(3\)](#)
- F4** Words in [reg. 25\(2\)\(l\)](#) omitted (1.9.2019) by virtue of [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), [regs. 1, 9\(4\)](#)
- F5** [Reg. 25\(2\)\(m\)](#) inserted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), [regs. 1, 9\(5\)](#)

#### Quarterly contract report

**26.**—(1) Subject to paragraphs (2) to (5), the primary contractor must provide a quarterly contract report for the qualifying defence contract within one month of the end of each calendar quarter from the initial reporting date until the contract completion date.

(2) No report is required for the calendar quarter in which the initial reporting date falls.

(3) The first report must be for the period from the initial reporting date to the end of the next calendar quarter.

(4) No report is required for the calendar quarter in which the contract completion date falls.

(5) No report is required for a contract if the value of the contract is less than £50,000,000.

(6) The report must contain the following information—

- (a) an annual profile (or, if the contractor is of the view that it is not possible to express these matters in an annual profile, the total amount) of the following matters which have been, or are expected to be, taken into account in determining the contract price—

- (i) any risk contingency element included in the allowable costs;

- (ii) planned amounts of profit, excluding any amount resulting from an adjustment determined under step 5 of regulation 11; and
  - (iii) the maximum amount of profit resulting from an adjustment determined under step 5 of regulation 11;
- (b) an annual profile of the estimated costs (split by the contractor reporting structure) at the time of agreement;
- (c) an annual profile (or, if the contractor is of the view that it is not possible to express these matters in an annual profile, the total amount) of the following matters—
  - (i) any risk contingency element,
  - (ii) planned amounts of profit, excluding any amount resulting from an adjustment determined under step 5 of regulation 11, and
  - (iii) the expected maximum amount of profit resulting from an adjustment determined under step 5 of regulation 11,

that reflect the costs already incurred and the forecast costs which are expected to be incurred, indicating for each year whether those costs have been incurred, are forecast, or a combination of both;
- (d) an annual profile of the costs already incurred and the forecast costs which are expected to be incurred, split by the contractor reporting structure and indicating for each year whether those costs have been incurred, are forecast, or a combination of both;
- (e) a breakdown of the costs already incurred and the forecast costs by reference to the calendar quarters of each of—
  - (i) the financial year in which the calendar quarter to which the report relates falls,
  - (ii) the previous financial year, and
  - (iii) the next financial year,

split by the contractor reporting structure;
- (f) a quantified analysis of the causes of variance (explaining not less than 90% of the total variance) between any estimated costs used to determine the contract price and the total actual and forecast costs;
- (g) a forecast of any TCIF adjustment or any final price adjustment (regulation 16) which the contractor expects will be made;
- (h) a description of any event that has occurred, or circumstances which have arisen, since the contract was entered into, that have had or are likely to have a material effect in relation to the contract, including—
  - (i) the date on which the contractor became aware of the event or circumstances;
  - (ii) whether the event or circumstances are covered by any contingency element of the contract price;
  - (iii) the effect that the event or circumstances have had on the costs already incurred; and
  - (iv) the forecast effect that the event or circumstances will have on the forecast costs which it is expected will be incurred;
- (i) a list of—
  - (i) all delivery milestones set out in the contract;
  - (ii) where the contract sets an expected date for a delivery milestone to be completed, that date; and
  - (iii) the actual or expected delivery date for each delivery milestone;

- (j) a description of any actual or intended sub-contracts which the primary contractor has entered into, or intends to enter into, for the purposes of enabling it to perform its obligations under the qualifying defence contract (including the total proportion of the [<sup>F6</sup>contract price] of the qualifying defence contract which the contractor expects to sub-contract); and
- (k) in relation to each such sub-contract into which the primary contractor has entered in the period covered by the report, or intends to enter in the calendar quarter following the period covered by the report, and which has or is expected to have a value of not less than £1,000,000 <sup>F7</sup>...—
  - (i) if the sub-contractor is a registered company, its registered name and company number, and the address of its registered office;
  - (ii) if the sub-contractor is not a registered company, its name;
  - (iii) whether the sub-contractor is associated with the primary contractor;
  - (iv) whether the sub-contractor is an SME;
  - (v) a brief description of the goods, works or services that will be provided under the sub-contract;
  - (vi) the date on which the sub-contract was, or is expected to be, entered into;
  - (vii) the contract completion date (or, if that date is not known, the expected contract completion date);
  - (viii) the (actual or estimated) price payable under the sub-contract; and
  - (ix) if an assessment has been made under regulation 61(1) or (4), the outcome of that assessment;
- <sup>F8</sup>(l) in relation to each sub-contract which the primary contractor has entered into, or intends to enter into, and which has or is expected to have a value of not less than £15,000,000, if the primary contractor has made an assessment that the contract would not be a qualifying sub-contract—
  - (i) the outcome of the negative assessment;
  - (ii) confirmation of whether the award of the contract is not, or would not be, the result of a competitive process; and
  - (iii) confirmation of whether the contract enables the performance of contracts other than a qualifying defence contract or qualifying sub-contract.]

(7) In this regulation, “contractor reporting structure” means the breakdown of contract costs into the categories used by the contractor for its own internal contract management purposes.

#### Textual Amendments

- F6** Words in reg. 26(6)(j) substituted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), regs. 1, **10(2)**
- F7** Words in reg. 26(6)(k) omitted (1.9.2019) by virtue of [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), regs. 1, **10(3)**
- F8** Reg. 26(6)(l) inserted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), regs. 1, **10(4)**

#### Interim contract report

**27.—(1)** The primary contractor must provide an interim contract report for the qualifying defence contract within two months after each reporting date.

(2) If the value of the qualifying defence contract is less than £50,000,000, the reporting dates are—

- (a) either—
  - (i) a date agreed between the primary contractor and the Secretary of State at the time of agreement which is no more than five years following the time of agreement; and
  - (ii) such further dates before the expected contract completion date as may be agreed between them, each date to be no more than five years after the previous reporting date; or
- (b) if no agreement is made under sub-paragraph (a)—
  - (i) the date which is three years after the last day of the calendar quarter during which the initial reporting date fell; and
  - (ii) the date which is each third anniversary of that date.

(3) Otherwise, the reporting dates are—

- (a) either—
  - (i) a date agreed between the primary contractor and the Secretary of State at the time of agreement which is no more than three years following the time of agreement; and
  - (ii) such further dates before the expected contract completion date as may be agreed between them, each date to be no more than three years after the previous reporting date; or
- (b) if no agreement is made under sub-paragraph (a)—
  - (i) the date which is 12 months after the last day of the calendar quarter during which the initial reporting date fell; and
  - (ii) the date which is each anniversary of that date.

(4) The report must contain the following information—

- (a) a list of the key deliverables specified in the contract, with a brief description of each;
- (b) the estimated quantum of those deliverables, expressed using the output metrics set out in the contract reporting plan;
- (c) an annual profile (or, if the contractor is of the view that it is not possible to express these matters in an annual profile, the total amount) of the following matters which have been, or are expected to be, taken into account in determining the contract price—
  - (i) any risk contingency element included in the allowable costs;
  - (ii) planned amounts of profit, excluding any amount resulting from an adjustment determined under step 5 of regulation 11; and
  - (iii) the maximum amount of profit resulting from an adjustment determined under step 5 of regulation 11;
- (d) an annual profile of any estimated costs (split by the defined pricing structure) at the time of agreement;
- (e) the total amount of those allowable costs (split by the defined pricing structure) that are non-recurring;
- (f) an annual profile of the estimated amount of each cost recovery base set out in the contract reporting plan;
- (g) an annual profile (or, if the contractor is of the view that it is not possible to express these matters in an annual profile, the total amount) of the following matters—
  - (i) any risk contingency element,



- (ii) planned amounts of profit, excluding any amount resulting from an adjustment determined under step 5 of regulation 11, and
    - (iii) the expected amount of profit resulting from an adjustment determined under step 5 of regulation 11,

that reflect the costs already incurred and the forecast costs which are expected to be incurred, indicating for each year whether those costs have been incurred, are forecast, or a combination of both;
  - (h) an annual profile of the costs already incurred and the forecast costs which are expected to be incurred, split by the defined pricing structure and indicating for each year—
    - (i) whether the costs have been incurred, are forecast, or a combination of both; and
    - (ii) the amount of each cost recovery base set out in the contract reporting plan;
  - (i) a quantified analysis of the causes of variance (explaining not less than 90% of the total variance) between any estimated costs used to determine the contract price and the total actual and forecast costs;
  - (j) a list of all payments exceeding £100,000 or 1% of the contract [<sup>F9</sup>price] (whichever is the greater) that have been or are expected to be made by the Secretary of State under the contract, including—
    - (i) the amount, or expected amount, of each payment;
    - (ii) the date on which each payment did or is expected to fall due; and
    - (iii) if the contract requires the payment to be made in any currency other than sterling, the currency in which the payment was or is to be made;
  - (k) if the contract requires payment to be made in sterling, an annual profile of all such payments made, or which the contractor expects the Secretary of State will make; and
  - (l) if the contract requires payment to be made in any currency other than sterling, an annual profile for each such currency of all payments made, or which the contractor expects the Secretary of State will make.
- (5) If the value of the qualifying defence contract is less than £50,000,000, the report must also contain the following information—
- (a) a forecast of any TCIF adjustment or any final price adjustment (regulation 16) which the contractor expects will be made;
  - (b) a description of any event that has occurred, or circumstances which have arisen, since the contract was entered into, that have had or are likely to have a material effect in relation to the contract, including—
    - (i) the date on which the contractor became aware of the event or circumstances;
    - (ii) whether the event or circumstances are covered by any contingency element of the contract price;
    - (iii) the effect that the event or circumstances have had on the costs already incurred (paragraph (4)(h)); and
    - (iv) the forecast effect that the event or circumstances will have on the forecast costs which it is expected will be incurred (paragraph (4)(h));
  - (c) a list of—
    - (i) all delivery milestones set out in the contract;
    - (ii) where the contract sets an expected date for a delivery milestone to be completed, that date; and
    - (iii) the actual or expected delivery date for each delivery milestone;

- (d) a description of any actual or intended sub-contracts which the primary contractor has entered into, or intends to enter into, for the purposes of enabling it to perform its obligations under the qualifying defence contract (including the total proportion of the [<sup>F10</sup>contract price] which the primary contractor expects to sub-contract); and
- (e) in relation to each such sub-contract which has or is expected to have a value of not less than £1,000,000 <sup>F11</sup>...—
  - (i) if the sub-contractor is a registered company, its registered name and company number, and the address of its registered office;
  - (ii) if the sub-contractor is not a registered company, its name;
  - (iii) whether the sub-contractor is associated with the primary contractor;
  - (iv) whether the sub-contractor is an SME;
  - (v) a brief description of the goods, works or services that will be provided under the sub-contract;
  - (vi) the date on which the sub-contract was, or is expected to be, entered into;
  - (vii) the contract completion date (or, if that date is not known, the expected contract completion date);
  - (viii) the (actual or estimated) price payable under the sub-contract; and
  - (ix) if an assessment has been made under regulation 61(1) or (4), the outcome of that assessment.
- [<sup>F12</sup>(f) in relation to each sub-contract which the primary contractor has entered into, or intends to enter into, and which has or is expected to have a value of not less than £15,000,000, if the primary contractor has made an assessment that the contract would not be a qualifying sub-contract—
  - (i) the outcome of the negative assessment;
  - (ii) confirmation of whether the award of the contract is not, or would not be, the result of a competitive process; and
  - (iii) confirmation of whether the contract enables the performance of contracts other than a qualifying defence contract or qualifying sub-contract.]

#### Textual Amendments

- F9** Word in reg. 27(4)(j) substituted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), regs. 1, **11(2)**
- F10** Words in reg. 27(5)(d) substituted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), regs. 1, **11(3)**
- F11** Words in reg. 27(5)(e) omitted (1.9.2019) by virtue of [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), regs. 1, **11(4)**
- F12** Reg. 27(5)(f) inserted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), regs. 1, **11(5)**

#### Contract completion report

**28.—(1)** The primary contractor must provide a contract completion report within six months after the contract completion date of the qualifying defence contract.

(2) The report must contain the following information—

- (a) a list of the key deliverables specified in the contract, with a brief description of each;

- (b) the actual quantum of those deliverables, expressed using the output metrics set out in the most recent contract reporting plan;
- (c) an annual profile (or, if the contractor is of the view that it is not possible to express these matters in an annual profile, the total amount) of the following matters—
  - (i) any risk contingency element included in the allowable costs;
  - (ii) any actual risk contingency element;
  - (iii) the maximum amount of profit that could have resulted from the incentive adjustment (step 5 of regulation 11) at the time of agreement;
  - (iv) the actual incentive adjustment;
  - (v) the planned amount of profit, excluding any amount resulting from the incentive adjustment; and
  - (vi) the actual amount of profit, excluding any amount resulting from the incentive adjustment;
- (d) an annual profile of any estimated costs (split by the defined pricing structure) at the time of agreement;
- (e) the total amount of those allowable costs (split by the defined pricing structure) that are non-recurring;
- (f) an annual profile of the estimated amount of each cost recovery base set out in the contract reporting plan at the time of agreement;
- (g) an annual profile of the actual costs (split by the defined pricing structure);
- (h) an annual profile of the actual amount of each cost recovery base set out in the contract reporting plan;
- (i) a quantified analysis of the causes of variance (explaining not less than 90% of the total variance) between any estimated costs used to determine the contract price and the total actual and forecast costs;
- (j) a description of any event that has occurred, or circumstances which have arisen, since the contract was entered into, that have had or are likely to have a material effect in relation to the contract, including—
  - (i) the date on which the contractor became aware of the event or circumstances;
  - (ii) whether the event or circumstances were covered by any contingency element of the contract price; and
  - (iii) the effect that the event or circumstances have had on the costs already incurred or forecast to be incurred under the contract;
- (k) a forecast of any TCIF adjustment or any final price adjustment (regulation 16) which the contractor expects will be made;
- (l) a list of all payments exceeding £100,000 or 1% of the contract [<sup>F13</sup>price] (whichever is the greater) that have been or are expected to be made by the Secretary of State under the contract, including—
  - (i) the amount, or expected amount, of each payment;
  - (ii) the date on which each payment did, or is expected to, fall due; and
  - (iii) if the contract requires the payment to be made in any currency other than sterling, the currency in which the payment was or is to be made;
- (m) if the contract requires payment to be made in sterling, an annual profile of all such payments made, or which the contractor expects the Secretary of State will make;

- (n) if the contract requires payment to be made in any currency other than sterling, an annual profile for each such currency of all payments made, or which the contractor expects the Secretary of State will make;
- (o) a list of—
  - (i) all delivery milestones set out in the contract;
  - (ii) where the contract sets an expected date for a delivery milestone to be completed, that date;
  - (iii) the actual or expected completion date for each delivery milestone; and
  - (iv) a description of the causes of any variance between the expected date for a delivery milestone set out in the contract, and the actual or expected completion date; and
- (p) in relation to each sub-contract which the primary contractor has entered into for the purposes of enabling it to perform its obligations under the qualifying defence contract which has or is expected to have a value of not less than £1,000,000 <sup>F14</sup>...—
  - (i) if the sub-contractor is a registered company, its registered name and company number, and the address of its registered office;
  - (ii) if the sub-contractor is not a registered company, its name;
  - (iii) whether the sub-contractor is associated with the primary contractor;
  - (iv) whether the sub-contractor is an SME;
  - (v) a brief description of the goods, works or services provided under the sub-contract;
  - (vi) the date on which the sub-contract was entered into;
  - (vii) the contract completion date (or, if that date is not known, the expected contract completion date);
  - (viii) the (actual or estimated) price payable under the sub-contract; and
  - (ix) if an assessment has been made under regulation 61(1) or (4), the outcome of that assessment;
- <sup>F15</sup>(q) in relation to each sub-contract which the primary contractor has entered into, or intends to enter into, and which has or is expected to have a value of not less than £15,000,000, if the primary contractor has made an assessment that the contract would not be a qualifying sub-contract—
  - (i) the outcome of the negative assessment;
  - (ii) confirmation of whether the award of the contract is not, or would not be, the result of a competitive process; and
  - (iii) confirmation of whether the contract enables the performance of contracts other than a qualifying defence contract or qualifying sub-contract.]

#### Textual Amendments

- F13** Word in [reg. 28\(2\)\(l\)](#) substituted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), [regs. 1, 12\(2\)](#)
- F14** Words in [reg. 28\(2\)\(p\)](#) omitted (1.9.2019) by virtue of [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), [regs. 1, 12\(3\)](#)
- F15** [Reg. 28\(2\)\(q\)](#) inserted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), [regs. 1, 12\(4\)](#)

### **Contract costs statement**

**29.**—(1) The primary contractor must provide a contract costs statement within 12 months after the contract completion date of the qualifying defence contract.

(2) The statement must contain the following information—

- (a) the start and end dates of the contractor's accounting period;
- (b) if there has been any agreement between the contractor and the Secretary of State as to the cost allocation and apportionment methodology to be used in the contract cost statement, a description of that agreement and any deviations from the methodology;
- (c) an annual profile of the actual allowable costs, showing—
  - (i) all purchased items, services and expenses (including payments to sub-contractors) which are direct costs;
  - (ii) any other direct costs; and
  - (iii) all indirect costs, showing each cost recovery rate charged and the quantum of the corresponding cost recovery base;
  - (iv) the total actual costs which the contractor claims are allowable costs;
- (d) if there is any variance between the total actual costs (sub-paragraph (c)(iv)) and the costs described in sub-paragraph (c)(i) to (iii), an explanation of the reason for that variance;
- (e) if there is any variance between a cost recorded in the most recent information provided in response to a direction under regulation 30(1) or (3)(d) and the amount reported for the same cost in sub-paragraph (c)(i) to (iv), an explanation of the reason for that variance; and
- (f) the percentage of the allowable costs included in the statement which are still estimated rather than actual.

(3) Up to 2% of the actual allowable costs required by paragraph (2)(c) may, without explanation, be estimated costs.

(4) 2% or more of the actual allowable costs required by paragraph (2)(c) may be estimated costs, if an explanation is given of—

- (a) why it is not possible to provide actual costs at the time the statement is provided; and
- (b) when actual costs will be available.

(5) In this regulation—

- (a) “direct costs” means costs which—
  - (i) the contractor claims are allowable costs under the contract; and
  - (ii) have not been calculated using a cost recovery rate;
- (b) “indirect costs” means costs which—
  - (i) the contractor claims are allowable costs under the contract; and
  - (ii) have been calculated using a cost recovery rate.

### **On-demand contract report**

**30.**—(1) Within one month of the initial reporting date of the qualifying defence contract, the Secretary of State may by written direction require the primary contractor to provide the information described in regulation 29(2) (contract costs statement) for one or more specified periods, each such period ending on a date before the contract completion date.

(2) The contractor must provide the information required under paragraph (1) within 12 months after the last day of each period specified in the written direction.

(3) Before the contract completion date, the Secretary of State may by written direction require the primary contractor to provide the information described in any of—

- (a) regulation 23(2) (contract pricing statement);
- (b) regulation 24(2) (contract reporting plan);
- (c) regulation 27(4) and (5) (interim contract report);
- (d) regulation 29(2) (contract costs statement).

(4) The Secretary of State may make more than one written direction under paragraph (3) in relation to the contract.

(5) The contractor must provide the information required under paragraph (3)(a) or (b)—

- (a) if the contractor and the Secretary of State agree a date which is no more than three months after the date of receiving the written direction, by that date; or
- (b) if no such agreement is made, within one month of receiving the written direction.

(6) The contractor must provide the information required under paragraph (3)(c)—

- (a) if the contractor and the Secretary of State agree a date which is no more than six months after the date of receiving the written direction, by that date; or
- (b) if no such agreement is made, within two months after receiving the written direction.

(7) The contractor must provide the information required under paragraph (3)(d)—

- (a) if the contractor and the Secretary of State agree a date which is no more than 18 months after the date of receiving the written direction, by that date; or
- (b) if no such agreement is made, within six months after receiving the written direction.

**Changes to legislation:**

There are currently no known outstanding effects for the The Single Source Contract Regulations 2014, PART 5.