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## STATUTORY INSTRUMENTS

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# 2014 No. 3337

## The Single Source Contract Regulations 2014

### PART 3

#### Pricing of contracts

##### Procedure for determining final price adjustment

**16.**—(1) The amount specified for the purposes of section 21(4)(b) (value of qualifying defence contract of or above which this regulation applies) is £5,000,000, and an adjustment may be made to the total price payable by the Secretary of State under a qualifying defence contract (“final price adjustment”) if either—

- (a) the price payable under the contract—
  - (i) has been determined by the firm pricing method, the fixed pricing method or the volume-driven pricing method; and
  - (ii) the total value of the contract is of or above that amount; or
- (b) the price payable under one or more defined components of the contract—
  - (i) has been determined by the firm pricing method, the fixed pricing method or the volume-driven pricing method; and
  - (ii) the total value of the defined component or components the price of which has been so determined is of or above that amount.

(2) The amount specified for the purposes of section 21(5)(b) (value below which direction excluding final price adjustment may be made) is £50,000,000.

[<sup>F1</sup>(2A) Where the price payable under the contract includes one or more defined components which use a regulated pricing method other than the firm pricing method, fixed pricing method, or volume-driven pricing method, the value of such component or components shall be disregarded for the purposes of paragraph (2).]

(3) The matter specified for the purposes of section 21(6) (matters to which the Secretary of State must have regard in deciding whether to make such a direction) is the effect that making a direction might have on the terms of any subsequent contract that the Secretary of State expects to enter into with that primary contractor.

(4) A final price adjustment may only be made where the amount of the adjustment would be at least £250,000.

- (5) The Secretary of State may, within—
- (a) three months after receiving a contract costs statement (regulation 29), or
  - (b) 15 months after the contract completion date,

whichever is the sooner, notify the primary contractor that the Secretary of State intends to make a final price adjustment.

(6) The primary contractor may, within three months after providing a contract costs statement, notify the Secretary of State that it intends to make a final price adjustment.

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**Changes to legislation:** *There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Single Source Contract Regulations 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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(7) Where a notice is given under paragraph (5) or (6), the Secretary of State and the primary contractor must attempt to agree the amount of the final price adjustment, but if they are unable to reach an agreement either the Secretary of State or the primary contractor may refer the matter to the SSRO for determination.

(8) A reference under paragraph (7) may be made—

- (a) after the contract completion date; but
- (b) no later than two years after the contract completion date.

(9) In making a determination, the SSRO must have regard to—

- (a) the information that was available to each party at the time of agreement;
- (b) whether the parties disclosed, in a timely manner, the facts and assumptions they used to determine the allowable costs or the contract profit rate;
- (c) efforts made by the parties to determine whether any allowable cost included in the price payable under the contract met the requirements set out in section 20(2)(a) to (c);
- (d) any evidence that reductions in the actual costs under the contract are due to efficiency measures taken by the primary contractor.

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**Textual Amendments**

**F1** [Reg. 16\(2A\)](#) inserted (1.9.2019) by [The Single Source Contract \(Amendment\) Regulations 2019 \(S.I. 2019/1106\)](#), regs. 1, 6

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**Changes and effects yet to be applied to :**

- reg. 16(1)(b) word omitted by S.I. 2024/420 reg. 20(a)
- reg. 16(1)(b)(ii) word omitted by S.I. 2024/420 reg. 20(a)
- reg. 16(2A) word omitted by S.I. 2024/420 reg. 20(b)(i)
- reg. 16(2A) word substituted by S.I. 2024/420 reg. 20(b)(ii)
- reg. 16(8)(a) words inserted by S.I. 2024/420 reg. 20(c)(i)
- reg. 16(8)(b) words inserted by S.I. 2024/420 reg. 20(c)(ii)

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

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

- Pt. 3 Ch. 1 inserted by S.I. 2024/420 reg. 12
- Pt. 3 Ch. 2 heading inserted by S.I. 2024/420 reg. 12
- Pt. 3 Ch. 3 inserted by S.I. 2024/420 reg. 24
- Sch. para. 2A2B inserted by S.I. 2024/420 reg. 43(6)
- Sch. Pt. 4 inserted by S.I. 2024/420 reg. 43(19)
- Sch. para. 4(2)(a) word inserted by S.I. 2024/420 reg. 43(10)(c)(i)
- Sch. para. 5(2)(a) word inserted by S.I. 2024/420 reg. 43(11)(c)(i)
- Sch. para. 6(3)(a) word inserted by S.I. 2024/420 reg. 43(12)(c)(ii)
- Sch. para. 7(2)(a) word inserted by S.I. 2024/420 reg. 43(13)(c)(ii)
- Sch. para. 7(2)(b) word inserted by S.I. 2024/420 reg. 43(13)(c)(iii)
- Sch. para. 8(3)(a) word inserted by S.I. 2024/420 reg. 43(14)(d)(ii)
- Sch. para. 8(3)(b) word inserted by S.I. 2024/420 reg. 43(14)(d)(iii)
- Sch. para. 9(3)(a) word inserted by S.I. 2024/420 reg. 43(15)(d)(ii)
- Sch. para. 5(2)(b) word omitted by S.I. 2024/420 reg. 43(11)(c)(ii)(aa)
- Sch. para. 6(3)(b) word omitted by S.I. 2024/420 reg. 43(12)(c)(iii)(bb)
- Sch. para. 9(3)(b) word omitted by S.I. 2024/420 reg. 43(15)(d)(iii)
- Sch. para. 4(2)(b) word substituted by S.I. 2024/420 reg. 43(10)(c)(ii)
- Sch. para. 5(2)(b) word substituted by S.I. 2024/420 reg. 43(11)(c)(ii)(bb)
- Sch. para. 6(3)(b) word substituted by S.I. 2024/420 reg. 43(12)(c)(iii)(aa)
- Sch. para. 1(2)(b) words inserted by S.I. 2024/420 reg. 43(4)(b)(iii)
- Sch. para. 1(2)(a) words substituted by S.I. 2024/420 reg. 43(4)(b)(ii)
- reg. 4(1A) inserted by S.I. 2024/420 reg. 5(c)
- reg. 4A inserted by S.I. 2024/420 reg. 6
- reg. 7A inserted by S.I. 2024/420 reg. 8
- reg. 9A inserted by S.I. 2024/420 reg. 11
- reg. 10(1)(a) words inserted by S.I. 2024/420 reg. 13(b)(ii)
- reg. 10(1)(b) word substituted by S.I. 2024/420 reg. 13(b)(iii)
- reg. 13A inserted by S.I. 2024/420 reg. 17
- reg. 17(5A)(5B) inserted by S.I. 2024/420 reg. 21(d)
- reg. 22(2A) inserted by S.I. 2024/420 reg. 26(b)
- reg. 22(6A) inserted by S.I. 2024/420 reg. 26(d)
- reg. 22(7A)(7B) inserted by S.I. 2024/420 reg. 26(e)
- reg. 22(10)(aa)(ab) inserted by S.I. 2024/420 reg. 26(f)
- reg. 25(2)(ba) inserted by S.I. 2024/420 reg. 29(a)(ii)
- reg. 25(3)-(6) inserted by S.I. 2024/420 reg. 29(b)
- reg. 26(6A)-(6D) inserted by S.I. 2024/420 reg. 30(b)
- reg. 27(3A) inserted by S.I. 2024/420 reg. 31(a)

- reg. 27(4)(m) inserted by S.I. 2024/420 reg. 31(b)(vi)
- reg. 27(4A)-(4E) inserted by S.I. 2024/420 reg. 31(c)
- reg. 27(5)(g) inserted by S.I. 2024/420 reg. 31(g)
- reg. 27(6)-(9) inserted by S.I. 2024/420 reg. 31(h)
- reg. 27A inserted by S.I. 2024/420 reg. 32
- reg. 28(2)(r) inserted by S.I. 2024/420 reg. 33(a)(xvii)
- reg. 28(2)(ba) inserted by S.I. 2024/420 reg. 33(a)(ii)
- reg. 28(2)(oa) inserted by S.I. 2024/420 reg. 33(a)(xiv)
- reg. 28(3)-(6) inserted by S.I. 2024/420 reg. 33(b)
- reg. 29(1A) inserted by S.I. 2024/420 reg. 34(b)
- reg. 29(2A) inserted by S.I. 2024/420 reg. 34(d)
- reg. 29(4A) inserted by S.I. 2024/420 reg. 34(g)
- reg. 29(5)(za)(zb) inserted by S.I. 2024/420 reg. 34(h)
- reg. 31(2A) inserted by S.I. 2024/420 reg. 36
- reg. 52(3)-(8) inserted by S.I. 2024/420 reg. 40(c)
- reg. 65(3A) inserted by S.I. 2024/420 reg. 42(b)
- reg. 65(9ZA)-(9ZC) inserted by S.I. 2024/420 reg. 42(d)