
STATUTORY INSTRUMENTS

2024 No. 420

The Single Source Contract (Amendment) Regulations 2024

Amendment of the Schedule (re-determination of contract price)

- 43.**—(1) The Schedule(1) is amended as follows.
- (2) In the shoulder reference, for “14” substitute “9C”.
- (3) In the title of Part 1, for “Introductory” substitute “General”;
- (4) In paragraph 1 (application of Schedule)—
- (a) in paragraph (1), at the end insert “of the contract or a component of the contract”;
- (b) in sub-paragraph (2), in the definition of “original contract price”—
- (i) in the opening words, after “defence contract” insert “or component of such a contract”;
- (ii) in paragraph (a), for “regulation 10” substitute “a contract pricing method”;
- (iii) in paragraph (b), after “contract”, in both places it occurs, insert “or component”.
- (5) In paragraph 2(2) (interpretation)—
- (a) in sub-paragraph (1)—
- (i) immediately after the opening words insert—
- ““contract profit rate”, in relation to a pricing amendment, means the contract profit rate that would be determined for the pricing amendment in accordance with regulation 11 as it applies for the purpose of determining the contract profit rate for a contract or component, and regulation 11(3) is modified for these purposes so that “under the contract or component” is to be read as “associated with the pricing amendment”;;”;
- (ii) in the opening words of the definition of “contractual requirement”—
- (aa) after “defence contract” insert “or component of such a contract”;
- (bb) after “of the contract” insert “or component”;
- (iii) in the definition of “cost-plus method”, for “regulated” substitute “default”;
- (iv) omit the definition of “pricing amendment”;
- (b) omit sub-paragraphs (2) and (3).
- (6) After paragraph 2 insert—

“Pricing amendments not covered by Part 2 or 4

2A.—(1) This paragraph applies if none of paragraphs 4 to 9 or 14 to 18 apply in relation to the pricing amendment.

(2) Where the pricing amendment creates a new component of a contract, the price payable under the component must be determined in accordance with a contract pricing method (and is to be treated

(1) The Schedule was inserted by [S.I. 2018/1350](#).

(2) Paragraph 2 of the Schedule was amended by [S.I. 2019/1106](#).

for the purposes of these Regulations as if it was determined in accordance with that contract pricing method and not this Schedule).

(3) Where the pricing amendment does not create a new component, the price payable under the amended contract or, where the pricing amendment relates to an existing component, that component must be re-determined in accordance with a contract pricing method (and is to be treated for the purposes of these Regulations as if it was determined in accordance with that contract pricing method and not this Schedule).

- (4) The parties—
- (a) may agree which contract pricing method is to be used for the amended contract or component;
 - (b) may agree that components of the contract will be priced by different pricing methods.

Multiple pricing amendments

2B.—(1) This paragraph applies where the parties propose to make two or more pricing amendments to a contract or component at the same time (irrespective of whether the parties also propose to make, at the same time, any other amendment to the contract or component which is not a pricing amendment).

- (2) Where this paragraph applies—
- (a) the pricing amendments are to be treated separately and dealt with in turn,
 - (b) Part 2 or 4 (as the case may be) applies in relation to each pricing amendment as it applies to a single amendment, and
 - (c) the price payable under the amended contract or component is the price determined after the last of the pricing amendments has been dealt with.

(3) If the parties propose a pricing amendment which changes the contract pricing method used for the contract or component, that pricing amendment must be dealt with first.

(4) If the parties propose a pricing amendment to which paragraph 2A applies, that pricing amendment must be dealt with last.”.

(7) For the heading of Part 2 substitute—
“Part 2

Re-determination of price using a default pricing method”.

(8) For paragraph 3 substitute—

“Application of Part 2

3. This Part applies to determine the price payable under a contract or component if—

- (a) the parties propose to make a single pricing amendment to a qualifying defence contract (irrespective of whether the parties propose to make, at the same time, any other amendment to the contract which is not a pricing amendment), and
- (b) the price of the contract (if the pricing amendment does not relate to an existing component) or component (if the pricing amendment relates to an existing component) to which the pricing amendment relates was last determined in accordance with a default pricing method or with this Part.”.

(9) In the sub-heading immediately after paragraph 3, for “regulated” substitute “default”.

(10) In paragraph 4 (amendment of the regulated pricing method used for a qualifying defence contract)—

- (a) in the heading, for “regulated” substitute “default”;
 - (b) in sub-paragraph (1), for “regulated”, in each place it occurs, substitute “default”;
 - (c) in sub-paragraph (2)—
 - (i) in paragraph (a), after “for the” insert “pricing”;
 - (ii) in paragraph (b), for “regulated” substitute “default”;
 - (d) in sub-paragraph (3), in paragraph (b), after “of the” insert “pricing”.
- (11) In paragraph 5 (amendment of the regulated pricing method used for a defined component of a contract)—
- (a) in the heading—
 - (i) for “regulated” substitute “default”;
 - (ii) omit “defined”;
 - (b) in sub-paragraph (1)—
 - (i) for “regulated”, in each place it occurs, substitute “default”;
 - (ii) omit “defined”;
 - (c) in sub-paragraph (2)—
 - (i) in paragraph (a), after “for the” insert “pricing”;
 - (ii) in paragraph (b)—
 - (aa) omit “defined”;
 - (bb) for “regulated” substitute “default”;
 - (d) in sub-paragraph (3)—
 - (i) in paragraphs (a) and (b), omit “defined”;
 - (ii) in paragraph (c), after “of the” insert “pricing”.
- (12) In paragraph 6 (amendment affecting a defined element of allowable costs)—
- (a) in sub-paragraph (1)—
 - (i) in paragraph (a), omit “defined” in the second place it occurs;
 - (ii) in paragraph (b)—
 - (aa) for “regulated”, in both places it occurs, substitute “default”;
 - (bb) omit “the defined”;
 - (b) in sub-paragraph (2), in the opening words, for “regulated” substitute “default”;
 - (c) in sub-paragraph (3)—
 - (i) in the opening words, after “of the” insert “pricing”;
 - (ii) in paragraph (a), after “for the” insert “pricing”;
 - (iii) in paragraph (b)—
 - (aa) for “regulated” substitute “default”;
 - (bb) omit “defined” in the second place it occurs;
 - (d) in sub-paragraph (4)(b), after “of the” insert “pricing”.
- (13) In paragraph 7 (change to a contractual requirement: contract or defined component not using cost-plus method)—
- (a) in the heading, omit “defined”;
 - (b) in sub-paragraph (1)—

- (i) in paragraph (a), omit “defined”;
 - (ii) in paragraph (b)—
 - (aa) for “regulated” substitute “default”;
 - (bb) omit “defined”;
 - (c) in sub-paragraph (2)—
 - (i) in the opening words, after “of the” insert “pricing”;
 - (ii) in paragraph (a), after “for the” insert “pricing”;
 - (iii) in paragraph (b), after “which the” insert “pricing”;
 - (d) in sub-paragraph (3), omit “defined”;
 - (e) in sub-paragraph (4)(b), after “of the” insert “pricing”.
- (14) In paragraph 8 (change to a contractual requirement: contract or defined component which uses cost-plus method - distinguishable costs)—
- (a) in the heading, omit “defined”;
 - (b) in sub-paragraph (1)—
 - (i) in paragraph (a), omit “defined”;
 - (ii) in paragraph (b)—
 - (aa) for “regulated” substitute “default”;
 - (bb) omit “defined”;
 - (iii) in paragraph (c), after “resulting from the” insert “pricing”;
 - (c) in sub-paragraph (2), omit “defined”;
 - (d) in sub-paragraph (3)—
 - (i) in the opening words, after “of the” insert “pricing”;
 - (ii) in paragraph (a), after “for the” insert “pricing”;
 - (iii) in paragraph (b), after “from the” insert “pricing”;
 - (e) in sub-paragraph (4)(b), after “of the” insert “pricing”.
- (15) In paragraph 9 (change to a contractual requirement: contract or defined component which uses cost-plus method - costs not distinguishable)—
- (a) in the heading, omit “defined”;
 - (b) in sub-paragraph (1)—
 - (i) in paragraph (a), omit “defined”;
 - (ii) in paragraph (b)—
 - (aa) for “regulated” substitute “default”;
 - (bb) omit “defined”;
 - (iii) in paragraph (c), after “resulting from the” insert “pricing”;
 - (c) in sub-paragraph (2), omit “defined”;
 - (d) in sub-paragraph (3)—
 - (i) in the opening words, after “of the” insert “pricing”;
 - (ii) in paragraph (a), after “for the” insert “pricing”;
 - (iii) in paragraph (b), omit “defined”;
 - (e) in sub-paragraph (5)(b), after “of the” insert “pricing”.

- (16) Omit the sub-heading (“Other amendments”) immediately after paragraph 9.
- (17) Omit paragraph 10 (other amendments).
- (18) Omit Part 3 (multiple pricing amendments to a qualifying defence contract).
- (19) At the end insert—

“Part 4

Re-determination of price using an alternative pricing method

Application of Part 4

- 13.** This Part applies to determine the price payable under a contract or component if—
- (a) the parties propose to make a single pricing amendment to the contract or component (irrespective of whether the parties propose to make, at the same time, any other amendment to the contract or component which is not a pricing amendment), and
 - (b) the price of the contract (if the pricing amendment does not relate to a component) or component (if the pricing amendment relates to a component) was last determined in accordance with an alternative pricing method or with this Part.

Pricing amendment of contract or component priced using regulation 19A (commercial pricing)

- 14.—**(1) This paragraph applies where the proposed pricing amendment is to a contract or component the price of which was determined in accordance with regulation 19A or this paragraph.
- (2) Sub-paragraph (3) applies where—
- (a) the pricing amendment will add a contractual requirement for the provision of goods, works or services (“the new goods, works or services”),
 - (b) if the pricing amendment were a new contract or component, the circumstances would exist for the price of the pricing amendment to be determined in accordance with regulation 19A, and
 - (c) the parties agree to determine the price of the pricing amendment in accordance with regulation 19A.
- (3) The price payable in respect of the pricing amendment is to be determined as follows—
- (a) determine the price of the new goods, works or services in accordance with regulation 19A, and
 - (b) adjust that price by a reasonable amount to account for a change in the costs of providing the new goods, works or services as a consequence of any existing requirements under the contract to provide similar goods, works or services.
- (4) Sub-paragraph (5) applies where—
- (a) the pricing amendment will remove a contractual requirement for the provision of goods, works or services (“the removed requirement”), and
 - (b) no costs have been, or will be, incurred in relation to the provision of the removed requirement.
- (5) The price payable under the contract or component to which the pricing amendment relates is to be determined as follows—

- (a) determine what price payable would have been determined in accordance with regulation 19A in respect of the contract or component at the time of agreement taking into account the removed requirement, and
 - (b) adjust the price payable under the contract or component so that it is equivalent to the price determined in accordance with paragraph (a).
- (6) Sub-paragraph (7) applies where—
- (a) the pricing amendment will remove a contractual requirement for the provision of goods, works or services (“the removed requirement”), and
 - (b) costs have been, or will be, incurred in relation to the reduced requirement (“the incurred costs”).
- (7) Where this paragraph applies—
- (a) the price payable under the contract or component to which the pricing amendment relates is to be determined in accordance with paragraph (5),
 - (b) the price payable in respect of the incurred costs is to be determined in accordance with another contract pricing method as if the goods, works or services to which those costs relate were provided under a new component, and
 - (c) the provision of the goods, works or services and the price payable in respect of them are a new component the price of which has been determined in accordance with the contract pricing method mentioned in paragraph (b) (and not in accordance with regulation 19A or this Schedule).

Pricing amendment of contract or component priced using regulation 19B (prices determined in accordance with law)

15.—(1) This paragraph applies where the proposed pricing amendment is to a contract or component the price of which was determined in accordance with regulation 19B or this paragraph.

- (2) Sub-paragraph (3) applies where—
- (a) the original contract price was determined in accordance with regulation 19B(3), and
 - (b) regulation 19B(3) applies to the goods, works and services to which the pricing amendment relates.
- (3) The price payable under the contract or component is to be re-determined in accordance with regulation 19B(3), taking account of the pricing amendment.
- (4) Sub-paragraph (5) applies where—
- (a) the original contract price was determined in accordance with regulation 19B(4),
 - (b) the relevant law in accordance with which the original contract price was determined has been amended (but still applies), and
 - (c) the pricing amendment is made entirely in consequence of the amendment to the relevant law.
- (5) The price payable under the contract or component to which the pricing amendment relates is to be adjusted by an amount which secures a price as close as possible to the price which would have been agreed between the parties in compliance with the Act and these Regulations but for the application of the amended relevant law.
- (6) Sub-paragraph (7) applies where—
- (a) the original contract price was determined in accordance with regulation 19B(4),
 - (b) regulation 19B(4) applies to the goods, works and services to which the pricing amendment relates, and

- (c) the pricing amendment is not made entirely in consequence of an amendment to the relevant law in accordance with which the original contract price was determined.
- (7) The price payable under the contract or component is to be re-determined in accordance with regulation 19B(4), taking account of the pricing amendment.
- (8) Sub-paragraph (9) applies where—
 - (a) the pricing amendment will remove a contractual requirement for the provision of goods, works or services (“the removed requirement”), and
 - (b) the Secretary of State is no longer satisfied that the price of the goods, works or services to be provided under the contract or component subject to the pricing amendment must be set in accordance with a relevant law (within the meaning of regulation 19B(5)).
- (9) The price payable under the contract or component to which the pricing amendment relates is to be determined as follows—
 - (a) determine what price payable would have been determined in accordance with regulation 19B in respect of the contract or component at the time of agreement taking into account the removed requirement, and
 - (b) adjust the price payable under the contract or component so that it is equivalent to the price determined in accordance with paragraph (a).

Pricing amendment of contract or component priced using regulation 19C (previously agreed price)

- 16.—(1) This paragraph applies where the proposed pricing amendment is to a contract or component the price of which was determined in accordance with regulation 19C.
- (2) The parties must agree to—
 - (a) re-determine the price of the entire contract or component (taking account of any change to the contract or component as a result of the pricing amendment) in accordance with a contract pricing method other than that described in regulation 19C, or
 - (b) create a new component containing the obligations to provide goods, works or services which have not yet been performed under the contract or component (taking account of any change to those obligations as a result of the pricing amendment), and determine the price of that component in accordance with a contract pricing method other than that described in regulation 19C.
 - (3) Where—
 - (a) the price of a contract or component is re-determined under sub-paragraph (2)(a), the contract or component is to be treated for the purposes of these Regulations as a contract or component the price of which has been determined in accordance with the new contract pricing method (and not in accordance with regulation 19C or this Schedule);
 - (b) a component is created in accordance with sub-paragraph (2)(b), the component is a new component the price of which has been determined in accordance with the new contract pricing method (and not in accordance with regulation 19C or this Schedule).

Pricing amendment of contract or component priced using regulation 19E (competed rates applied to uncompleted volumes)

17. Where the proposed pricing amendment is to a contract or component the price of which was determined in accordance with regulation 19E, the price of the contract or component is to be re-determined in accordance with regulation 19E (taking account of any change to the contract or component as a result of the pricing amendment).

Pricing amendment of a contract priced using regulation 19G (aggregation of components)

18.—(1) This paragraph applies where the price of a contract has been determined in accordance with regulation 19G or this paragraph.

(2) Where the price payable under a component of the contract has been re-determined under this Schedule, the price of the contract is to be re-determined in accordance with regulation 19G.

(3) Where the pricing amendment relates only to a change to an adjustment agreed in accordance with regulation 19G(3) to (7), the price payable under the contract is to be adjusted to take account of that change.”.