

# **SSRO**

Single Source  
Regulations Office

## **Reporting guidance consultation paper**

April 2022

1.	Introduction	3
2.	Consultation topics	3
	Aggregation principles (Appendix 1)	3
	Reporting under framework contracts (Appendix 2)	4
	General requirements for supplier reports (Appendix 3)	4
	Company registration for overseas contractors (Appendix 4)	4
3.	Minor and uncontroversial changes	4
4.	Consultation	4
5.	Appendices	5
	<b>Appendix 1 – Aggregation principles</b>	<b>6</b>
	<b>Appendix 2 – Reporting under framework contracts</b>	<b>20</b>
	<b>Appendix 3 – General requirements for supplier reports</b>	<b>25</b>
	<b>Appendix 4 – Company registration for overseas contractors</b>	<b>29</b>
	<b>Appendix 5 – Minor and uncontroversial changes</b>	<b>30</b>
	<b>Appendix 6 – Summary of consultation questions</b>	<b>34</b>

## 1. Introduction

- 1.1 The SSRO is consulting on proposed changes to its reporting guidance. The SSRO's guidance on the preparation and submission of reports is statutory guidance which helps contractors to meet their reporting requirements under the Defence Reform Act 2014 (the Act) and the Single Source Contract Regulations 2014 (the Regulations). Contractors are required to have regard to the SSRO's guidance when preparing reports.
- 1.2 The SSRO regularly updates its reporting guidance to:
- reflect learning from operation of the regulatory framework, particularly feedback about preparing and submitting reports;
  - align with the Defence Contract Analysis and Reporting System (DefCARS), where functionality is regularly improved to reduce the reporting burden on contractors; and
  - support any changes in the reporting requirements set out in the legislation.
- 1.3 The proposed changes are intended to make the reporting process clearer and more efficient. The SSRO seeks stakeholder input before making significant changes to the reporting guidance and we welcome feedback on the proposals set out in this document. The consultation document also includes, for information, minor and uncontroversial changes that we intend to make to the guidance.
- 1.4 Where reporting guidance changes are associated with DefCARS developments, the SSRO will seek to make both updates in proximity to each other. This may affect the timing of the updates, as there is limited scope for DefCARS development, which we will prioritise against other demands.

## 2. Consultation topics

- 2.1 The SSRO is consulting on changes to the following guidance documents:
- reporting guidance for contract reports;
  - reporting guidance for supplier reports; and
  - reporting guidance on DefCARS functionality.
- 2.2 The proposed guidance covers four topics. Full details of each topic are included in the appendices. Where changes are proposed to current guidance, the appendices provide the current guidance, proposed guidance and rationale for change in tabular form.
- 2.3 A summary of each guidance topic is set out below.

### Aggregation principles (Appendix 1)

- 2.4 Contractors are required to report details of:
- sub-contracts and proposed sub-contracts which have, or are expected to have, a value of £1 million or more; and
  - assessments that sub-contracts valued at £15 million or more are not qualifying sub-contracts (negative QSC assessments).

2.5 Regulation 5 specifies how the value of a contract is determined and requires the contracting authority to aggregate the values of more than one contract in some circumstances. The SSRO has seen incorrect application of the aggregation principles, resulting in erroneous reporting. The SSRO is proposing to implement guidance on the aggregation principles, to assist contractors with the required value assessment and associated reporting.

### **Reporting under framework contracts (Appendix 2)**

2.6 Contractors have raised queries about how to report the contract price and total price committed to pay in circumstances where the qualifying contract is a framework agreement or an agreement made under a framework (call-off contracts). To ensure greater consistency of reporting, we are proposing guidance to assist contractors to report the prices of framework agreements and call-off contracts.

### **General requirements for supplier reports (Appendix 3)**

2.7 The SSRO has developed further guidance to assist suppliers with the general requirements for the supplier reports provided for in Part 6 of the Regulations. We have sought to make this guidance consistent with the guidance for Part 5 contract reports where possible.

### **Company registration for overseas contractors (Appendix 4)**

2.8 Contractors are required to provide, in all contract reports, the registered name and company number of the contractor, and the address of its registered office (Regulation 22(3)(a)). The SSRO's current guidance reflects registration arrangements in the UK. We propose to broaden our guidance to reflect registration arrangements in other countries, to promote greater consistency in reporting.

## **3. Minor and uncontroversial changes**

3.1 The SSRO is proposing to make minor and uncontroversial guidance changes to the reporting guidance to address the following:

- user permissions in DefCARS and the actions that users can take in the system;
- how the outcome of the regulation 5 value assessment determines which Interim Contract Report a contractor needs to submit;
- improved DefCARS functionality already implemented which allows users to search contracts by contract number in the contract admin page and homepage; and
- improved DefCARS functionality already implemented which allows issues to be automatically closed in previously submitted reports when they are closed in the latest report.

3.2 The proposed guidance is provided in Appendix 5 for information.

## **4. Consultation**

4.1 The consultation document has been issued to members of the SSRO's Operational Working Group and will be published on the SSRO's website. The consultation period for this set of proposals is 13 April 2022 to **8 June 2022**.

4.2 Consultation questions are included in Appendix 6 to guide feedback, but comments are welcome on any aspects of the proposals. When responding, stakeholders are asked to indicate if they have any objections to the SSRO publishing their consultation response on

the SSRO's website alongside its feedback on the changes which have been made following consultation.

- 4.3 The SSRO's Reporting and IT sub-group continues to be a key source of input to the SSRO's reporting guidance and DefCARS. We discussed the consultation proposal in Appendix 4 at the Reporting and IT sub-group meeting on 23 March 2022.
- 4.4 If you would like to speak to us outside of the Reporting and IT sub-group, please contact Simon McCullough at [simon.mccullough@ssro.gov.uk](mailto:simon.mccullough@ssro.gov.uk), or telephone 0203 771 4794.
- 4.5 Written feedback on the consultation proposals should be sent to [consultations@ssro.gov.uk](mailto:consultations@ssro.gov.uk). There is no specified format for response.
- 4.6 We expect to publish the outcome of the consultation in late July. There will be an opportunity to discuss any findings at the meeting of the Reporting and IT sub-group planned for 20 July 2022.

## 5. Appendices

5.1 The following appendices are attached to this consultation paper:

- Appendix 1 – Aggregation principles
- Appendix 2 – Reporting under framework contracts
- Appendix 3 – General requirements for supplier reports
- Appendix 4 – Company registration for overseas contractors
- Appendix 5 – Minor and uncontroversial changes
- Appendix 6 – Consultation questions

# Appendix 1 – Aggregation principles

1. Contractors are required to consider the value of a contract when complying with the following reporting requirements:
  - Reporting details of a sub-contract and proposed sub-contract valued at £1 million or more in a contract notification report (CNR), quarterly contract report (QCR), interim contract report (ICR) and contract completion report (CCR) (regulations 25(2)(l), 26(6)(k), 27(5)(e) and 28(2)(p)).
  - Reporting details of a negative QSC assessment on a sub-contract or proposed sub-contract valued at £15 million or more in a contract notification report (CNR), quarterly contract report (QCR), interim contract report (ICR) and contract completion report (CCR) (regulations 25(2)(m), 26(6)(l), 27(5)(f) and 28(2)(q)).
2. Regulation 5 describes the way in which the value of the proposed sub-contract is to be calculated. It explains when the value is to be determined, and what must be included in and excluded from the calculation. It also includes the requirement to aggregate the consideration (being something of value, including monetary payment) which the contracting authority expects to be payable under the proposed sub-contract, together with the consideration paid or expected to be payable under certain other sub-contracts and proposed sub-contracts. It provides that:
  - (5) Subject to paragraph (6), where—
    - (a) the purpose of the contract [*being assessed*] is to fulfil a requirement for goods, works or services, and
    - (b) the contracting authority has also entered into, or proposes to enter into, one or more other contracts which are not the result of a competitive process with the same person (or persons associated with that person) for the purpose of *fulfilling that requirement*, the value of the contract [*being assessed*] is the aggregate of the consideration which the contracting authority has paid or expects to be payable under the contract [*being assessed*] and all of those other contracts or proposed contracts.
3. The term “requirement” for the purposes of regulation 5(a) and (b) is not defined in the Defence Reform Act (DRA) or the regulations. When considering whether the requirement fulfilled by the sub-contract is the same as the requirement fulfilled by other contracts, the contracting authority should consider whether the contracts deliver goods, works or services which:
  - are uniform in character with the goods, works or services under the contract being assessed, e.g. a repeat order for the same goods, works or services; or
  - together with the goods, works or services under the contract being assessed fulfil a single economic and technical function, e.g. they all contribute to one asset or project.
4. The requirement to be fulfilled by the sub-contract whose value is being assessed should be identified from the terms of that contract, and the requirement to be fulfilled by other sub-contracts that the contracting authority has with the sub-contractor should be identified from the terms of those other sub-contracts.
5. It is recognised that contracting authorities may need to exercise judgement in describing the requirement under the contract. The aggregation provisions are intended to prevent a single requirement being distributed among multiple contracts in order to circumvent application of the Act and Regulations. Contracting authorities should avoid taking an overly narrow or excessively detailed characterisation that emphasises minor or non-significant differences when determining whether the requirement fulfilled by the contract being assessed is the same as that fulfilled by other contracts.

*Contracts disregarded for the purposes of aggregating*

6. When carrying out a value assessment, some contracts must or may be disregarded for the purposes of aggregation (regulations 5(6) - 5(8)):
- A contract or proposed contract with a value of £250,000 or less must be disregarded if the contracting authority is reasonably satisfied that the procurement has not been subdivided to avoid the requirements of the Act and Regulations.
  - A contract or proposed contract may be disregarded if conditions A and B are met in relation to it.
7. Condition A is that the contract has a value of over £250,000 and less than £1 million. Condition B is that the contract, and any other contract valued at more than £250,000 but less than £1 million and which would otherwise be within scope of the aggregation, together have an aggregate value of less than 20% of the consideration the contracting authority has paid or expects to be payable under all contracts entered into for the purposes of fulfilling the requirement under regulation 5(5)(a).

*Contracts that will never become qualifying contracts*

8. A contract that has a value of £1 million or less does not become a QDC or QSC, notwithstanding the aggregation rules (regulation 5(8a)). The exception to this is where the contracting authority is reasonably satisfied that the procurement has been subdivided in order to avoid the requirements of the legislation.

*Prospective effect of aggregation rules and the value assessment*

9. Contractors have on occasion reported that a contract is a QDC or a sub-contract is a QSC in circumstances where:
- The contract or sub-contract had previously been assessed as not being a qualifying contract;
  - The value of the contract or sub-contract is aggregated with a proposed contract or sub-contract under regulation 5(6); and
  - The proposed contract or sub-contract is (properly) subject to a value assessment and assessed as being a qualifying contract.
10. A value assessment is only required to be undertaken once, and is not subsequently re-visited. The fact that the value of a contract is aggregated with that of a proposed contract, which is then subject to a value assessment does not provide a basis for carrying out further value assessments on existing contracts whose values have been aggregated with the proposed contract.

*Feedback from contractors*

11. We have recently considered queries received by the SSRO's helpdesk in relation to the aggregation rules and how they relate to a contractor's reporting requirements. Our processes in logging new QSCs and adding them to DefCARS also identified queries (including notifications) in relation to QSCs. The issues identified in these queries continue to highlight confusion among contractors.

*The QSC assessment and notifications to the contractor, the MOD and the SSRO*

12. There are two notification requirements relating to QSC Assessments:
- For every QSC Assessment made, the contracting authority must give notice in writing to the Secretary of State and the SSRO that it has been made (regulation 61(8)).

- Where a contracting authority determines that the proposed sub-contract would be a QSC if it were entered into, the contracting authority must give notice in writing of that fact to the Secretary of State and to the proposed sub-contractor (regulations 61(3) and (6)).
13. These notification requirements exist separately from the contract reporting obligations which are established under section 24 of the Act and Part 5 of the Regulations and which are the subject of this reporting guidance. The SSRO has developed a template which contractors can use to provide the required notification. The template is included at the end of this Appendix. We propose to make the template available on the SSRO's website.
  14. If a contractor wishes to notify the Secretary of State and the SSRO through DefCARS that a QSC assessment has been made, it can do this by providing the details of each contract that has been assessed in the next contract report which is required to be submitted for the parent QDC or QSC. The next report may be a CNR, QCR, ICR or CCR. If the contract that has been assessed has a value less than £1 million, then the information provided by the contractor will be additional to that which is otherwise required to be provided in respect of sub-contracts valued at £1 million or more in a CNR, QCR, ICR or CCR (by virtue of regulations 25(2)(l)(ix), 26(6)(k)(ix) and 27(5)(e)(ix)). The contractor should complete the template at the end of this Appendix and add it to the sub-contracts page when submitting the CNR, QCR, ICR or CCR.
  15. The SSRO has also developed a separate template which can be used to notify the MOD and the proposed sub-contractor by email of a positive QSC assessment. This should be done in a timely way (before or upon entering into the sub-contract), as the requirements of the regulatory framework will only apply to the QSC once notice has been given.
  16. We propose to update the SSRO's contract reporting guidance to support contractors to meet their obligations to report details of sub-contracts, including:
    - the fact that a QSC assessment has been carried out on a sub-contract;
    - details of sub-contracts, including the outcome of a negative QSC assessment for sub-contracts valued at £15 million or more; and
    - reporting positive QSC assessments to the MOD.
  17. The proposed guidance is set out below.



Current guidance	Proposed guidance change	Reason for change
<p>[contract reporting guidance] 3.33 Contractors are required to report the outcome of any assessment that has been made of whether a sub-contract is a QSC. This information must be provided in the Contract Notification Report, Quarterly Contract Report and Interim Contract Report (see regulations 25(2)(l)(ix), 26(6)(k)(ix) and 27(5)(e)(ix)).</p>	<p>3.33 For each sub-contract which has or is expected to have a value of not less than £1 million, contractors are required to report the outcome of any assessment that has been made of whether a sub-contract is a QSC. This information must be provided in the Contract Notification Report, Quarterly Contract Report, Interim Contract Report and Contract Completion Report (see regulations 25(2)(l)(ix), 26(6)(k)(ix), 27(5)(e)(ix) and 28(2)(p)(ix)). Additionally, if the sub-contract is valued at £15 million or more, and the contractor's assessment is that the sub-contract would not be QSC, then the contractor must also report:</p> <ul style="list-style-type: none"> <li>• the outcome of the negative assessment;</li> <li>• confirmation of whether the award of the contract is not, or would not be, the result of a competitive process; and</li> <li>• confirmation of whether the contract enables the performance of contracts other than a QDC or QSC.</li> </ul> <p>This information must be provided in the Contract Notification Report, Quarterly Contract Report, Interim Contract Report and Contract Completion Report (regulations 25(2)(m), 26(6)(l), 27(5)(f) and 28(2)(q)).</p>	<p>Guidance updated to emphasise the two value thresholds for reporting: £1 million for details of sub-contracts; and £15 million for negative QSC assessments. It makes clear the additional reporting requirements for sub-contracts valued at £15 million or more where there has been a negative QSC assessment.</p>
<p>[contract reporting guidance] 3.34 Regulation 61 specifies the circumstances in which an assessment must be carried out of whether a proposed sub-contract would be a QSC (a QSC assessment). A QSC assessment must be carried out by the primary contractor or other person who proposes to enter into a sub-contract if the proposed sub-contract involves the provision</p>	<p>3.34 Regulation 61 specifies the circumstances in which an assessment must be carried out of whether a proposed sub-contract would be a QSC (a QSC assessment). A QSC assessment must be carried out by the primary contractor or other person who proposes to enter into a sub-contract if the proposed sub-contract involves the provision of anything for the purposes of a QDC or QSC to which the contractor or other person is a party. Regulation 61 also specifies</p>	<p>Clarification that the requirement to notify the MOD and the sub-contractor of a positive QSC assessment, or the MOD and SSRO that an assessment has taken place is not satisfied through the submission of DefCARS reports. An assessment notification template [see below] has been developed</p>

Current guidance	Proposed guidance change	Reason for change
<p>of anything for the purposes of a QDC or QSC to which the contractor or other person is a party. Regulation 61 also specifies that the person carrying out the assessment must keep a record of the assessment, give written notice to the sub-contractor if it considers the contract would be a QSC, and in all cases give written notice that an assessment has been made to the MOD and the SSRO.</p>	<p>that the person carrying out the assessment must keep a record of the assessment, give written notice to the MOD and the sub-contractor if it considers the contract would be a QSC, and in all cases give written notice that an assessment has been made to the MOD and the SSRO. The requirement upon contractors to provide a notification for the purposes of regulations 61(3) and (6) and 61(8) is not satisfied through the submission of sub-contract information or statutory reports in DefCARS. For assessments in all cases, an assessment notification template, together with guidance on submitting the notification, can be found on the SSRO's website. If a contractor wishes to provide the template to the MOD and/or the SSRO in DefCARS, this can be done by uploading the completed template to the sub-contracts page of the next CNR, QCR, ICR or CCR submitted for the parent contract. A separate template has been developed by the SSRO which can be used to notify the MOD and the proposed sub-contractor of a positive QSC assessment. This should be done in a timely way (before or upon entering into the sub-contract), as the requirements of the regulatory framework will only apply to the QSC once notice has been given and in order that the sub-contractor can meet its own reporting obligations in a timely manner.</p>	<p>and will be available on the SSRO's website and this is to be signposted in the contract reporting guidance.</p>
<p>[contract reporting guidance] 3.35 The Regulations only call for a QSC assessment to be undertaken at the time when it is proposed to enter into the sub-contract. The Regulations do not require a QSC assessment to be undertaken if an existing sub-contract is subsequently amended. A proposed amendment to a sub-contract will,</p>	<p>3.35 The Regulations only call for a QSC assessment to be undertaken at the time when it is proposed to enter into the sub-contract. The Regulations do not require a QSC assessment to be undertaken if an existing sub-contract is subsequently amended. If they have been assessed and determined not to be a QSC, they will not subsequently become QSCs. A proposed amendment to a sub-contract will, however, trigger the requirement for a QSC assessment under</p>	<p>Guidance has been updated to make clear that a sub-contract that has been determined to not be a QSC cannot subsequently become one.</p>

Current guidance	Proposed guidance change	Reason for change
<p>however, trigger the requirement for a QSC assessment under regulation 61 if:</p> <ul style="list-style-type: none"> <li>• the parties propose to amend a sub-contract in a way that results in a new subcontract; and</li> <li>• the sub-contract provides anything for the purposes of a QDC or QSC.</li> </ul>	<p>regulation 61 if the parties propose to amend a sub-contract in a way that results in a new subcontract.</p>	
<p>[contract reporting guidance] 3.36 If the outcome of the QSC assessment is positive and the proposed amendment is made, the new QSC will be brought into the regime upon the contractor complying with the notice requirements under regulation 61(3).</p>	<p>3.36 If the outcome of the QSC assessment is positive and the proposed amendment is made, the new QSC will be brought into the regime upon the contractor complying with the notice requirements under regulation 61(3).</p>	<p>No change.</p>
<p>[contract reporting guidance] New paragraphs</p>	<p>Determining the value of a sub-contract</p> <p>3.37 Contractors must determine the value of each sub-contract to a QDC or QSC in order to know whether to report:</p> <ul style="list-style-type: none"> <li>• details of sub-contracts valued at £1 million or more, including whether a QSC assessment has been carried out; and</li> <li>• details of a negative QSC assessment for a sub-contract valued at £15 million or more.</li> </ul> <p>The contractor, as the contracting authority, is required to determine the value of the proposed sub-contract in accordance with regulation 5. Regulation 5 explains when the value is to be determined, and what must be included in and excluded from the calculation. It includes a requirement in certain cases to aggregate the value of the proposed sub-contract being assessed with the value of other sub-contracts and proposed sub-contracts.</p>	<p>New paragraphs which make clear that the aggregation rules need to be considered when determining the value of the contract subject to the QSC assessment.</p>

Current guidance	Proposed guidance change	Reason for change
	<p>3.38 In circumstances where the contracting authority:</p> <ul style="list-style-type: none"> <li>proposes to enter into a sub-contract for the purpose of fulfilling a requirement for goods, works or services; and</li> <li>has also entered into, or proposes to enter into, one or more other single source contracts with the same person (or persons associated with that person) for the purpose of fulfilling that requirement,</li> </ul> <p>the value of the proposed sub-contract is the aggregate of the consideration (being something of value, including monetary payments) which the contracting authority has paid or expects to be payable under (i) the proposed sub-contract being assessed; and (ii) all of those other contracts or proposed contracts (regulation 5(5)).</p> <p>3.39 When carrying out a value assessment, some contracts must or may be disregarded for the purposes of aggregation (regulations 5(6) - 5(8)):</p> <ul style="list-style-type: none"> <li>A contract or proposed contract with a value of £250,000 or less must be disregarded if the contracting authority is reasonably satisfied that the procurement has not been subdivided to avoid the requirements of the Act and Regulations.</li> <li>A contract or proposed contract may be disregarded if conditions A and B are met in relation to it.</li> </ul> <p>Condition A is that the contract has a value of over £250,000 and less than £1 million. Condition B is that the contract, and any other contract valued at more than £250,000 but less than £1 million and which</p>	

Current guidance	Proposed guidance change	Reason for change
	<p>would otherwise be within scope of the aggregation, together have an aggregate value of less than 20% of the consideration the contracting authority has paid or expects to be payable under all contracts entered into for the purposes of fulfilling the requirement under regulation 5(5)(a)).</p>	
<p>[contract reporting guidance] New paragraphs</p>	<p>3.40 The requirement to be fulfilled by the sub-contract whose value is being assessed (see 3.38) should be identified from the terms of that contract. Similarly, the requirement to be fulfilled by other sub-contracts that the contracting authority has with the sub-contractor should be identified from the terms of those other sub-contracts. In each case, the contracting authority should:</p> <ul style="list-style-type: none"> <li>• Exercise judgment in describing the requirement under the contract.</li> <li>• Avoid an overly narrow or excessively detailed characterisation that emphasises minor or non-significant differences.</li> <li>• Be mindful that the aggregation principles are intended to prevent avoidance of the regulatory framework by dividing a single requirement into multiple contracts.</li> </ul> <p>3.41 When considering whether the requirement fulfilled by the sub-contract is the same as the requirement fulfilled by other contracts, the contracting authority should consider whether the contracts deliver goods, works or services which:</p> <ul style="list-style-type: none"> <li>• are uniform in character (e.g. a repeat order for the same goods, works or service); or</li> <li>• together, fulfil a single economic and technical function (e.g. they all contribute to one asset or project).</li> </ul>	<p>New paragraphs identifying relevant considerations when deciding whether contracts have, as their purpose, the fulfilment of the same requirement.</p>

Current guidance	Proposed guidance change	Reason for change
[contract reporting guidance] New paragraph	<p>3.42 If a contractor is required to report a negative QSC assessment, the report should contain the following information.</p> <ul style="list-style-type: none"> <li>• The outcome of the negative assessment. This should explain why the contractor considered the sub-contract was not a QSC. It should include a statement of the assessed value of the sub-contract.</li> <li>• Confirmation of whether the award of the contract is not, or would not be, the result of a competitive process. Regulations 59 and 60 set out, respectively, the circumstances in which: the award of a sub-contract is the result of a competitive process; and the award of a sub-contract to a framework supplier is the result of a competitive process.</li> <li>• Confirmation of whether the contract enables the performance of contracts other than a QDC or QSC. For a sub-contract to be a QSC, it must involve the provision by the sub-contractor of anything for the purposes of a QDC or QSC to which the primary contractor is a party. If the contractor decided the sub-contract was not a QSC on this ground, then it should indicate the contracts which are not QDCs or QSCs that the contract supports and explain why the contract is being identified for the purposes of the QDC or QSC that is being reported on.</li> </ul> <p>Table 19 provides further guidance on sub-contract data input.</p>	New paragraph to explain what must be reported where the contractor has reached a negative QSC assessment on a sub-contract valued at £15 million or more.
[contract reporting guidance, Table 19, row titled 'outcome of negative assessment'] Where the value of the sub-contract or proposed sub-contract is equal to or more	Where the value of the sub-contract or proposed sub-contract is equal to or more than £15 million and the prime contractor has assessed that the sub-contract would not be a qualifying sub-contract, the prime	Cross reference made in Table 19 'sub-contract data input' to the guidance contained in section 3 on

Current guidance	Proposed guidance change	Reason for change
<p>than £15 million and the prime contractor has assessed that the sub-contract would not be a qualifying sub-contract, the prime contractor must report the outcome of the negative assessment. The contractor should report the outcome of the negative assessment using the free text field.</p>	<p>contractor must report the outcome of the negative assessment. The contractor should report the outcome of the negative assessment using the free text field and provide the information in accordance with paragraph 3.41.</p>	<p>QSC assessments and calculating the value of a contract.</p>

### **Aggregation example [to be included below para 3.39]**

Contractor A has a QDC with the Secretary of State. It has entered into five sub-contracts with Contractor B to provide different quantities of the same supplies for a QDC. One sub-contract (SC1) has a value of £200,000, three sub-contracts (SC2, SC3 and SC4) each have a value of £500,000, and the remaining sub-contract (SC5) has a value of £2 million.

Contractor A proposes to award two further sub-contracts to Contractor B for more of the same supplies for the QDC. One sub-contract is expected to have a value of £21 million (SC6) and the other £4 million (for SC7). Contractor A must carry out a QSC Assessment for SC6 and SC7, which includes the need to determine each of their values.

All the sub-contracts SC1 to SC7 are not the result of a competitive process.

In determining the values of SC6 and SC7, Contractor A must aggregate the consideration paid, or expected to be payable, under all contracts either entered into or proposed to be entered into on a single source basis with Contractor B for the same requirement. In doing so, Contractor A should disregard:

- a. SC1, because it has a value of £250,000 or less (regulation 5(6)(c));
- b. SC2, SC3 and SC4, because:
  - i. the values are within the range of £250,000 and £1 million (Condition A of Regulations 5(6)(a) and 5(7)); and
  - ii. the aggregate value of each contract is within the range of £250,000 and £1 million (being £1.5 million) and is less than 20% of the aggregate of the consideration paid or expected to be paid under all contracts entered into, or expected to be entered into, in accordance with Regulation 5(5)(b). In that respect,  $20\% \times (£1.5 \text{ million} + £2 \text{ million} + £21 \text{ million} + £4 \text{ million}) = £5.7 \text{ million}$ , and £1.5 million is less than £5.7 million ((Condition B of Regulations 5(6)(a) and 5(8)).

#### Value of SC6 and 7

When considering the value of SC6 and SC7, the contractor must aggregate the value of each contract with contracts that it has entered into or proposes to enter into for the same requirement. Given that SC5, SC6 and SC7 are all for the same requirement, the value of all three contracts should be aggregated and the value of SC6 and SC7 will each be £27 million (£2 million + £21 million + £4 million). This means that, following aggregation, both SC6 and SC7 have a value exceeding the £25 million threshold for a contract to be a QSC (regulation 58(1)).

#### Outcome of QSC assessment

The contractor should find that SC6 and SC7 are both QSCs. The aggregated value of each contract exceeds the £25 million threshold. The contracts are not the result of a competitive process and both provide something for a QDC.

Status of SC5: The status of SC5, in terms of whether or not it is a QSC, will remain unchanged despite its value being taken into account in determining the value of SC6 and SC7. If it were assessed as not being a QSC (for instance, because at the time of the QSC assessment Contractor A had not proposed to enter into SC6 and SC7 and so its value was assessed as being £2 million), it will remain outside of the regulatory framework.

Notification requirements: Having undertaken a QSC assessment for SC6 and SC7, Contractor A must keep a record of those assessments (regulation 61(2)). Contractor A must then:

- give notice in writing to the Secretary of State and the SSRO that each QSC assessment has been made for SC6 and SC7 (regulation 61(8)) (notice in relation to contracts SC1, SC2, SC3, SC4 and SC5 should previously have been made to the Secretary of State and to the SSRO); and
- because the outcome of the QSC assessments for SC6 and SC7 is positive, give notice in writing of that fact to the Secretary of State and to Contractor B.



Contractor A can satisfy the notification requirements by completing the assessment notification template and submitting to the relevant parties in accordance with the guidance found on the SSRO's website.

Reporting requirements: Contractor A's reporting requirements under the QDC in relation to the sub-contracts arise in the CNR, the QCR, the ICR and the CCR.

For all sub-contracts and proposed sub-contracts Contractor A has entered into or intends to enter into, regardless of value, it is required to provide a description (together with the total proportion of the contract price of the QDC which it expects to sub-contract) in the CNR (reg 25(2)(k)), QCR (reg 26(6)(j)) and ICRL (reg 27(5)(d)). This includes sub-contracts SC1 – SC4 which were disregarded for the purposes of the determining the value of SC6 and SC7. Paragraph 4.68 of the contract reporting guidance refers.

Of those sub-contracts or proposed sub-contracts which have or are expected to have a value of £1 million or more (in this case SC5, SC6 and SC7), Contractor A is required to provide additional information in the CNR (reg 25(2)(l)), QCR (reg 26(6)(k)), ICRL (reg 27(5)(e)) and CCR (reg 28(2)(p)). In relation to the QCR, this information need only be provided for those sub-contracts which were entered into in the period covered by the report, or which are intended to be entered into in the following calendar quarter. Paragraph 4.69 of the contract reporting guidance refers.

Of those sub-contracts or proposed sub-contracts which have or are expected to have a value of £15 million or more and which have had a negative QSC assessment, Contractor A would be required to provide more granular details of the QSC assessment in the CNR (reg 25(2)(m)), QCR (reg 26(6)(l)), ICRL (reg 27(5)(f)) and CCR (reg 28(2)(q)). However, since both SC6 and SC7 have had a positive QSC assessment, Contractor A need not report this information. Paragraph 3.33 of the guidance refers.

**Assessment notification templates**

# Notice of a positive qualifying sub-contract assessment

For the purposes of regulations 61(3) or (6), the notification should be emailed to the proposed sub-contractor and the Single Source Advisory Team at the MOD (**descomrcl-ssat-1@mod.gov.uk**)

Contracting Authority name	[Complete name].
Contracting Authority contract title	[Complete title].
Contracting Authority contract reference	[Complete contract reference].
Proposed sub-contractor name and sub-contract title	[Complete proposed sub-contractor name and sub-contract title]
Proposed sub-contract value	[Confirm whether the proposed sub-contract value is £50m or greater]

*A sub-contract in respect of which a positive QSC assessment has not been notified in accordance with regulations 61(3) and (6) will not be a QSC. In such circumstances the Secretary of State may take enforcement action against the contracting authority pursuant to sections 31(3)(f) and 32(1) of the Act.*

*A contracting authority must also give written notice to the MOD and the SSRO that a QSC assessment has been made in all cases (Regulation 61(8)) (see separate template).*

# Notice of sub-contract assessment

For the purposes of regulation 61(8) the notification template can be appended to the sub-contracts page of the CNR, QCR, ICR or CCR in DefCARS. For convenience, it may contain details of multiple sub-contracts and may be implemented in spreadsheet format.

Contracting Authority name	[Complete name].
Contracting Authority contract title	[Complete title].
Contracting Authority contract reference	[Complete contract reference].

Proposed sub-contractor name and sub-contract title	Outcome of QSC assessment. Has the sub-contract been assessed as being a QSC? (Y/N)	Proposed sub-contract value equal to or greater than £15 million? (Y/N)	If the proposed value is equal to or greater than £15 million and the QSC assessment is negative, is the sub-contract the result of a competitive process? (Y/N)	If the proposed value is equal to or greater than £15 million and the QSC assessment is negative, please provide any other reasons relied on for the negative assessment
				For example, state the contract value if it is less than £25 million.

*A contracting authority must give written notice to the MOD and the SSRO that a QSC assessment has been made in all cases (Regulation 61(8)). If it considers a proposed sub-contract will be a QSC if entered into, the contracting authority is also required to give written notice to the proposed sub-contractor and the MOD (Regulation 61(3) and (6)) (see separate template).*

## Appendix 2 – Reporting under framework contracts

1. A framework agreement establishes the key terms and conditions that will apply to subsequent purchases. This can enable the MOD to efficiently and effectively procure future goods and services, as terms need only be refined, rather than re-negotiated each time a subsequent purchase is placed. A framework agreement may be a QDC or QSC if it is a contract that satisfies the definitions in, respectively, sections 14 and 28 of the Act.
2. The subsequent purchases made under a framework are sometimes referred to as call-off contracts, tasks, or orders. In line with the Regulations a contract awarded under a framework agreement may also be a QDC or QSC if it satisfies the definitions in, respectively, section 14 and 28 of the Act. For the purposes of these definitions, regulations 9 and 60 specify the circumstances in which a contract awarded under a framework is the result of a competitive process and, by inference, when it is not.
3. When reporting QDCs or QSCs, contractors must differentiate between the contract value, contract price and price committed to pay. As framework agreements may start with a nominal value, which is subsequently increased, there can be an additional layer of difficulty in identifying the amount to be ascribed to the contract value, contract price and the price committed to pay. In the context of a framework agreement:
  - Contract value will be determined by the contracting authority in order to decide whether the contract is a QDC or QSC and, if so, whether the contract has a value of £50 million (which dictates whether QCRs must be submitted and the nature and frequency of ICRs and may trigger supplier reporting). The contracting authority will assess the value under regulation 5 and may advise the contractor that the thresholds are met without necessarily disclosing the precise estimated value.
  - Contract price is the price agreed between the parties in accordance with the pricing formula in section 17 of the Act and regulations 10 and 14. Contractors are required to report the sum of the amount of the price resulting from each pricing method in every contract report (regulation 22(k)). The reporting guidance explains contract price in Table 7. A legally binding framework agreement may have an initial contract price of £1, while also having a contract value that exceeds £50 million.
  - Price committed to pay is required to be submitted in the CRP (regulation 24(2)(a)). The reporting guidance explains this concept in Table 7. With a framework agreement, the parties may have agreed a contract price, but in circumstances where the contracting authority's commitment to pay will increase as subsequent purchase agreements are made.
4. The SSRO proposes to update its contract reporting guidance, as set out in the table below, to support contractors to:
  - correctly complete the Total Contract Price field for the initial reports, by updating the definition in the reporting guidance to include framework agreements; and
  - meet the Regulation 24(2)(a) requirement to report the Total Price Committed to Pay, by updating the definition in the reporting guidance to include framework agreements.

Current guidance	Proposed guidance change	Reason for change
<p>[contract reporting guidance] New paragraph</p>	<p><b>Framework agreements</b></p> <p>3.29 A framework agreement establishes the key terms and conditions that will apply to subsequent purchases. This can enable the MOD to procure future goods and services efficiently and effectively, as terms need only be refined, rather than re-negotiated each time a subsequent purchase is placed. A framework agreement may be a QDC or QSC if it is a contract that satisfies the definitions in, respectively, sections 14 and 28 of the Act.</p> <p>3.30 The subsequent purchases made under a framework are sometimes referred to as call-off contracts, tasks, or orders. In line with the Regulations a contract awarded under a framework agreement may also be a QDC or QSC if it satisfies the definitions in, respectively, section 14 and 28 of the Act. For the purposes of these definitions, regulations 9 and 60 specify the circumstances in which a contract awarded under a framework is the result of a competitive process and, by inference, when it is not.</p> <p>3.31 If a framework agreement is a QDC or QSC, then the same reporting requirements apply as for other QDCs and QSCs. At the initial time of agreement, it is not uncommon for a framework agreement to have a nominal agreed contract price and a nominal price that the contracting authority has committed to pay. By contrast, the</p>	<p>The new paragraphs provide guidance on framework agreements. They make clear that:</p> <ul style="list-style-type: none"> <li>• the reporting requirements apply to framework agreements that are QDCs or QSCs; and</li> <li>• the contract value, contract price and price committed to pay may be different for framework agreements at the initial time of agreement.</li> </ul>

Current guidance	Proposed guidance change	Reason for change
	<p>contracting authority may have assessed that the framework agreement has a substantial value for the purposes of the QDC or QSC threshold, for example where a unit price has been agreed but the expected unit volumes have not yet been committed to. The value assessment will be used for identifying which reporting requirements are triggered (e.g. whether QCRs are required and the type and frequency of ICRs). The contract price and/or the price committed to pay may then increase over the life of the framework as subsequent purchases are made under the framework. Contractors should consider the following additional guidance:</p> <ul style="list-style-type: none"> <li>• contract value (paragraph 3.37);</li> <li>• contract price (Table 7);</li> <li>• price committed to pay (Table 7); and</li> <li>• reporting thresholds (paragraphs 3.2, 5.7 and 6.4).</li> </ul>	
<p>[contract reporting guidance, Table 7, row titled 'Total Contract Price']. The total contract price should be entered to three decimal places. The term contract price is defined in Regulation 2(1). It is either:</p> <ul style="list-style-type: none"> <li>• the price resulting from application of the pricing formula in regulation 10 ((Allowable Costs x Contract Profit Rate) + Allowable Costs); or</li> </ul>	<p>The total contract price should be entered to three decimal places. The term contract price is defined in Regulation 2(1). It is either:</p> <ul style="list-style-type: none"> <li>• the price resulting from application of the pricing formula in regulation 10 ((Allowable Costs x Contract Profit Rate) + Allowable Costs); or</li> <li>• if there have been one or more pricing amendments, then the total</li> </ul>	<p>Signposts contractors to new guidance on framework agreements.</p>

Current guidance	Proposed guidance change	Reason for change
<ul style="list-style-type: none"> <li>if there have been one or more pricing amendments, then the total contract price will be the most recent amended price, i.e. the price last determined by applying regulation 14 and the Schedule to the Regulations.</li> </ul> <p>The pricing formula does not provide for the addition of Value Added Tax (VAT). Output VAT should not be added to a price determined by application of the formula.</p>	<p>contract price will be the most recent amended price, i.e. the price last determined by applying regulation 14 and the Schedule to the Regulations.</p> <p>When identifying the contract price of a framework agreement, contractors should refer to paragraphs 3.29 to 3.31.</p> <p>The pricing formula does not provide for the addition of Value Added Tax (VAT). Output VAT should not be added to a price determined by application of the formula.</p>	
<p>[contract reporting guidance, Table 7, row titled 'Total Price Committed to Pay'].</p> <p>The price the contracting authority is committed to paying is the price that the contracting authority is contractually bound to pay. This amount may be the same as the contract price.</p> <p>The amount that the contracting authority is contractually bound to pay will depend on the terms of the contract and how the pricing mechanism operates. However, there may be some contracts in respect of which some or all of the contract price only becomes committed upon some action or election by the contracting authority. Examples of where the contracting authority may not be committed when the contract is entered into include:</p>	<p>The price the contracting authority is committed to paying is the price that the contracting authority is contractually bound to pay at the initial reporting date. This amount may be the same as the contract price.</p> <p>When identifying the price committed to pay of a framework agreement, contractors should refer to paragraphs 3.29 to 3.31.</p> <p>The amount that the contracting authority is contractually bound to pay will depend on the terms of the contract, the pricing method used and how any other pricing mechanisms operate. However, there may be some contracts in respect of which some or all of the contract price only becomes committed upon some action or election by the contracting authority.</p>	<p>Provides specific guidance for completing the Total Price Committed to Pay field in DefCARS for framework agreements. Stakeholders reported that they were confused by the examples in the guidance, additionally stakeholders viewed that an option price yet to be exercised may well be included as part of the Regulation 5 assessment of the value of a contract but would not be included in the estimated contract price. As a result the examples have been reviewed and simplified.</p>

Current guidance	Proposed guidance change	Reason for change
<ul style="list-style-type: none"> <li>• an option price that the contracting authority does not become bound to pay until the option is exercised.</li> <li>• a volume-driven price in which the unit price is known but the contracting authority is under no obligation to purchase any specific volume of units.</li> </ul> <p>These examples are not exhaustive and the contractor should consider taking legal advice to understand what the contracting authority is committed to pay. If the amount the contracting authority is committed to pay is indeterminate in amount, the contractor should discuss with the MOD the appropriate amount to report and it may be appropriate in such circumstances to report the same amount as the contract price.</p>	<p>An example of where the contract price and total price committed to pay may differ is where the contracting parties have committed to a limitation of liability cap, but the estimated contract price for a cost-plus contract at the initial reporting date is higher than that commitment.</p> <p>The contractor should consider taking legal advice to understand what the contracting authority is committed to pay. If the amount the contracting authority is committed to pay is indeterminate in amount at the initial reporting date, the contractor should discuss with the MOD the appropriate amount to report and it may be appropriate in such circumstances to report the same amount as the contract price.</p>	



## Appendix 3 – General requirements for supplier reports

1. Regulation 33 sets out general requirements for Part 6 reports. Some of these requirements require suppliers to include information in all or some Part 6 reports and we aim to increase and improve the guidance on these requirements. The proposed guidance change is set out in the table below.

Current guidance	Proposed guidance change	Reason for change
Supplier reporting guidance [new paragraph]	<p>New paragraph at 2.2 in the supplier report guidance.</p> <p>Regulation 33 sets out general requirements for all Part 6 reports. Some of these requirements identify information which needs to be included in each Part 6 report or named reports. Table 4 below provides guidance on how to meet the requirements where information is required in reports.</p>	Explains that each Part 6 reports has general requirements and these reports must contain some information about the supplier and the report. Table 4 is set out below.

**Table 4 – General requirements where information is required in Part 6 reports**

Regulation	Data Required	Guidance	Explanation
33(1)(a)(i)	The name, position and contact details of the individual submitting the report	These fields will not be visible when the report is being completed by the contractor, but will be populated by DefCARS when the report has been submitted and visible when the report is viewed after submission.	The sentence is consistent with contract reporting guidance, Chapter 4, Table 6, Date this report is submitted to the MOD and SSRO and Supplier Staff – Report Submitted by and the remainder is new guidance.

Regulation	Data Required	Guidance	Explanation
33(1)(a)(ii)	The name, position and contact details of an individual to be notified if any compliance notice or penalty notice is given in relation to the report	The name, position and contact details of the person who should be contacted if there are any compliance and penalty notices given in relation to the report which is being submitted. This data should be provided in the Report Submission Admin page of the report.	The first sentence consistent with contract reporting guidance, Chapter 4, Table 6, Supplier Staff – Contact for Compliance/Penalty Notice Issues and the remainder is new guidance.
33(1)(b)	The date the report is due	The Regulations require the report to contain the date that the report is due. Appendix 1 provides guidance and examples on how the date the report is due can be identified. The date can be selected from the calendar provided or typed. This data should be provided in the Report Submission Admin page of the report.	The first sentence is consistent with contract reporting guidance, Chapter 4, Table 6, Date this report is due and the remainder is new guidance.
33(1)(c)	The date the report is submitted	This field will not be visible when the report is being completed by the contractor, but will be populated by DefCARS when the report has been submitted. The field will become visible to the contractor after report submission. This data will be provided in the Report Submission Admin page of the report.	The first sentence is consistent with contract reporting guidance, Chapter 4, Table 6, Date this report is submitted to the MOD and SSRO and Supplier Staff – Report Submitted by and the remainder is new guidance.
33(1)(d)	The relevant financial year to which the report relates	The SSRO provides a definition of the Relevant Financial Year at paragraph 2.16. The examples on Page 13 to 20 can assist to ensure the correct Relevant Financial Year is identified. The contractor should select the correct financial year from those provided in the drop-down list. This data should be provided in the Report Submission Admin page of the report.	New guidance

Regulation	Data Required	Guidance	Explanation
33(2)(a)	A report provided under any of regulations 34 to 39 must contain the name of the QBU to which it relates.	For all Part 6 reports excluding the Strategic Industry Capacity Report and Small or Medium Enterprises Report, the name of the Qualifying Business Unit should be included. Paragraphs 2.9 to 2.14 explain what a Qualifying Business Unit is. This data will be provided in the Business Unit page of the report.	New guidance
33(2)(b)	A report provided under any of regulations 34 to 39 must contain the relevant accounting period to which the report relates	For all Part 6 reports except the Strategic Industry Capacity Report and Small or Medium Enterprises Report, the relevant accounting period must be confirmed. Paragraph 2.17 explains the term Relevant Accounting Period. The contractor is asked to confirm the last day of the most recent completed Business Unit Relevant Accounting Period, from which the Relevant Accounting Period can be identified. The examples on Page 13 to 20 can assist to ensure the correct Relevant Accounting Period is identified. This data will be provided in the Business Unit page of the report.	New guidance
33(2)(c)	An address to which correspondence relating to the report may be sent.	This will be the address for correspondence and may be the same as the registered address of the Qualifying Business Unit. This data will be provided in the Business Unit page of the report.	New guidance
33(3)	Where a report requires an analysis of staffing costs, that must include— (a) the total number of employees; (b) the proportion of the cost of employing those employees recovered through cost recovery rates, and the proportion recovered through direct costs; (c) the total number of contractors; and	An analysis of staffing costs is required only in the QBUCAR and there are structured data fields to collect this data. Please see Chapter 5 for guidance on the QBUCAR.	New guidance

Regulation	Data Required	Guidance	Explanation
	(d) the proportion of the cost of engaging those contractors recovered through cost recovery rates, and the proportion recovered through direct costs.		

## Appendix 4 – Company registration for overseas contractors

1. Every contract report must include the registered name and company number of the contractor, and the address of its registered office (regulation 22 (3)(a)). The SSRO has observed inconsistencies in the registered company number being reported by contractors based outside of the United Kingdom.
2. The SSRO's current guidance on company registration numbers focuses on the UK and the numbers allocated by Companies House. Recognising that contractors may be based outside of the UK, we propose to update the guidance as set out in the table below. Proposed guidance was discussed with the Reporting and IT sub-group on 23 March and has since been slightly amended for this consultation following input from the group.

Current guidance	Proposed guidance change	Reason for change
<p><b>Table 5 (Supplier details) of the contract reporting guidance</b></p> <p>The registered number of the legal entity (this can consist of numbers and letters), where relevant. For UK registered companies this will be the number allocated by Companies House.</p>	<p>It is expected that a company awarded a QDC or QSC will have a unique identifying number, which the Regulations refer to as the company's registered number. The registered number can consist of numbers and letters. For UK-registered companies, this will be the number allocated by Companies House. Companies registered in the following jurisdictions should consider using the indicated numbers:</p> <p><b>United States:</b> the Employer Identification Number (EIN), also known as the Federal Tax Identification Number, provided by the Internal Revenue Service (IRS), which is a 9-digit number.</p> <p><b>Canada:</b> the corporation number assigned by Corporations Canada, which is usually a 7-digit number, or the provincial corporation number provided when a company registers under the Business Corporations Act.</p> <p><b>EU:</b> the company number shown on the <b>European e-Justice Portal</b>.</p> <p><b>Australia:</b> the Australian Company Number (ACN) which is a nine-digit number assigned when the company is registered.</p>	<p>The current guidance only covers registration arrangements for QDC holders in the United Kingdom and has been expanded to cover arrangements in other countries.</p>

## Appendix 5 – Minor and uncontroversial changes

### Changes to DefCARS user permissions

1. Some changes to DefCARS user profiles are planned in DefCARS to allow users to perform more actions. These DefCARS changes cannot be fulfilled ahead of the next reporting guidance update so the proposed guidance change is expected to be implemented at a later date.
2. Exhibit 12 from the reporting guidance on DefCARS functionality is set out below. We propose to delete Exhibit 12 and replace it with a new table that provides information on all user permission actions which can be undertaken in DefCARS (see paragraph 3). This change will be made once the associated DefCARS changes have been implemented.

Exhibit 12 – Contractor permissions relating to compliance activities

User Type	Compliance Activity	
	Respond to issues/queries	Approve responses to issues/queries
Contract Administrator	▲	▲
Contractor Submitter	▲	▲
Contractor Editor	▲	▼
Contractor Reviewer	▼	▼

Key:
▲ enabled functionality
▼ disabled functionality

3. The new information on user permissions is set out in the table below and will be added as an appendix to the reporting guidance on DefCARS functionality.

Action		Administrator	Submitter	Editor	Reviewer
<b>Compliance</b>	Respond to issues/queries	●	●	●	
	Approve responses to issues/queries	●	●		
	Delete responses to issues/queries prior to approval	●	●	●	
<b>QDC/supplier report data</b>	View report data	●	●	●	●
	Create/edit report data	●	●	●	

Action		Administrator	Submitter	Editor	Reviewer
	Submit reports	●	●		
	Download report	●			
	Download reports in DefCARS1	●			
	Draft general comments	●	●	●	
	Add support files	●	●	●	
	Approve general comments	●	●		
	Approve supporting files	●	●		
	Delete (reject) general comments prior to approval	●	●	●	
	Deleting supporting files prior to approval	●	●	●	
	Delete approved comments, responses and supporting files prior to report submissions	●	●		
<b>Administration</b>	Create/manage users (own organisation)	●			

## Value assessment and Interim Contract Reports

4. In a previous reporting guidance update, the SSRO added paragraph 5.7 to the contract reporting guidance:

*The question of whether QCRs are required is based on the Regulation 5 assessment. If the value for threshold purposes is below £50 million, then QCRs will not be required for the contract, even if the contract value increases to £50 million or more during delivery of the contract, for example due to pricing amendments.*

5. This clarified how the Regulation 5 assessment determined the requirement to submit Quarterly Contract Reports. Stakeholders had suggested that a similar paragraph in the chapter on Interim Contract Reports would be helpful. We intend to amend paragraph 6.3 to address this issue.

Current guidance	Proposed guidance
<p>[contract reporting guidance] 6.3 There are two different sets of requirements for an ICR, depending on the contract value. A lower value ICR will be submitted for a QDC or QSC with a value of less than £50 million and a higher value ICR for those valued at greater than or equal to £50 million. All ICRs must contain the information required by Regulation 27(4). Lower value ICRs must additionally contain the information required by Regulation 27(5). DefCARS has been designed to assist contractors to meet these requirements. Reference is made to the two different sets of requirements, as appropriate, in this guidance</p>	<p>6.3 There are two different sets of requirements for an ICR, depending on the contract value as determined by Regulation 5. A lower value ICR will be submitted for a QDC or QSC with a value of less than £50 million and a higher value ICR for those valued at greater than or equal to £50 million. If the value for threshold purposes is below £50 million when the assessment is made and the value of the contract increases at a later time to £50 million or greater, then the contractor who would have been expected to provide lower value ICRs continues to provide those types of report. The contractor would not submit a higher value ICR as they would also not be required to submit QCRs (see paragraph 5.7). All ICRs must contain the information required by Regulation 27(4). Lower value ICRs must additionally contain the information required by Regulation 27(5). DefCARS has been designed to assist contractors to meet these requirements. Reference is made to the two different sets of requirements, as appropriate, in this guidance.</p>

## Searching for contracts

6. DefCARS has been updated to improve the search functionality for contracts. The following paragraph will be added to the reporting guidance on DefCARS functionality after the current paragraph 2.6:

*On the DefCARS homepage, users can search for a contract within their contracting company using the contract reference number or contract title. Admin Users can also search in contract administration using the number and title.*



## Closing issues in previously submitted reports

7. DefCARS has been updated to automatically close issues in correction and original report submissions when they are closed in the latest submission. The following paragraph will be added to the reporting guidance on DefCARS functionality after the current paragraph 2.59:

*If no issues have been raised by the SSRO or the MOD, the status will be changed to 'No current issues' by the SSRO, and 'MOD verification complete' by the MOD. When a correction report has been submitted, reviewed, and set to 'No current issues' by the SSRO, and 'MOD verification complete' by the MOD, any previous submissions will automatically be updated to reflect the status of the correction report set.*

# **Appendix 6 – Summary of consultation questions**

## **Appendix 1 – Aggregation principles**

- Does the proposed guidance adequately assist stakeholders to understand the reporting of sub-contracts and qualifying sub-contracts having applied the aggregation principles?
- Does the example enhance the guidance or are there elements which need to be further clarified?

## **Appendix 2 – Reporting under framework contracts**

- Does the proposed guidance assist contractors with overcoming any difficulties associated with reporting the price of the framework agreement when it is a QDC or QSC?

## **Appendix 3 – General requirements for supplier reports**

- Does the guidance on the general requirements for Part 6 supplier reports assist contractors?

## **Appendix 4 – Company registration for overseas contractors**

- Do contractors (UK based or overseas) agree with the arrangements which the SSRO proposes to add to its guidance?
- Do contractors (UK based or overseas) have any experience of company registration arrangements that are not covered by the proposed guidance which may be helpful to include?