

SSRO

Single Source
Regulations Office

Consultation on guidance on qualifying sub-contracts

2 April 2025

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1. Introduction

- 1.1 The regulatory framework for single source defence contracts¹ applies to qualifying sub-contracts (QSCs) and sub-contractors in much the same way as it applies to qualifying defence contracts (QDCs) and primary contractors but with some specific modifications. Contractors and sub-contractors under qualifying contracts also have particular responsibilities under the regulatory framework to:
 - a. assess whether proposed new sub-contracts that will enable their qualifying contracts would be QSCs if entered into; and
 - b. provide specified notifications related to those assessments.
- 1.2 In response to a request from members of the SSRO's Operational Working Group² for an accessible summary of the regulatory provisions related to QSCs, the SSRO has prepared [draft guidance](#) on which it is now consulting. The draft guidance identifies and summarises the relevant provisions of the regulatory framework and provides signposting to existing applicable SSRO guidance, for example, on contract pricing and reporting.
- 1.3 This consultation document sets out particular questions on which the SSRO would welcome feedback in order that the final guidance, when published, best meets the needs of those who will be using it. The consultation document should be read in conjunction with the draft guidance to which it relates.
- 1.4 The consultation is open for a six-week period until 5pm on 14 May 2025. Details of how to respond to the consultation are contained in section 3 of this document. If you would like to discuss any aspect of the consultation or the draft guidance during the consultation period please contact David Pottruff at the SSRO via david.pottruff@ssro.gov.uk or 020 3589 4556.
- 1.5 Following our consideration of the consultation feedback the SSRO aims to publish final guidance on QSCs in June 2025.

¹ Established by the Defence Reform Act 2014 (the Act) and the Single Source Contract Regulations 2014 (the Regulations).

² Comprised of representatives of the Ministry of Defence (MOD) and its contractors.

2. Proposed guidance on QSCs

- 2.1 The provisions of the Act and Regulations define when a contract is a QSC and confer a number of related obligations, rights, and powers, where specified, on the MOD (acting for the Secretary of State), the parties to qualifying contracts and the SSRO. These include:
- a. obligations on primary contractors under QDCs (or proposed QDCs) and sub-contractors under QSCs (or proposed QSCs) to assess whether any proposed sub-contracts to those contracts would be QSCs if entered into and to provide specified notifications about those assessments;
 - b. the right for a prospective sub-contractor when notified of a positive QSC assessment to make an appeal to the SSRO against that assessment before entering into the contract;
 - c. obligations on the MOD and contracting authorities and sub-contractors under QSCs to apply the regulatory framework to determine or re-determine the price of such a contract;
 - d. obligations on sub-contractors under QSCs to provide statutory reports to the MOD and the SSRO;
 - e. obligations on primary contractors under QDCs and sub-contractors under QSCs to report in their statutory contract reports certain information related to QSC assessments they have undertaken and QSCs (and other sub-contracts) entered into;
 - f. the right for a sub-contractor under a QSC to give notice to the SSRO that a sub-contract no longer meets the requirements to be a QSC and, therefore, is no longer subject to the regulatory framework;
 - g. powers for the MOD to issue compliance and penalty notices in some circumstances where the requirements of the regulatory framework have not been met; and
 - h. obligations on, and powers for, the SSRO to give opinions or make determinations on matters related to QSCs.
- 2.2 The SSRO's draft guidance on QSCs aims to assist the MOD, the holders of QDCs or QSCs, and any person who expects to enter into such a contract to better understand their obligations and rights in relation to QSCs. It is divided into sections that will assist the users of the guidance to quickly identify which parts of the guidance are relevant in particular circumstances.

Q1. Overall, how helpful or unhelpful is the structure of the proposed guidance in assisting readers to identify content that is relevant to their needs?				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Very helpful	Helpful	Neither helpful nor unhelpful	Unhelpful	Very unhelpful
Q2. What changes, if any, would you make to how the content of the proposed guidance is organised? (Please indicate in your response why you consider any changes would be beneficial to users of the guidance.)				
Q3. What changes, if any, would you make to the definitions provided at paragraph 1.5?				

- 2.3 Section 2 of the proposed guidance (Your QSC questions answered) provides brief answers to some of the most common queries related to QSCs and identifies the relevant parts of the document to which readers should refer for further information.

Q4. Overall, how helpful or unhelpful are the answers to the questions included in this section?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q5. Do you have any comments on the questions and answers provided in this section? (Please include question numbers where relevant.)

Q6. Are there any other QSC-related questions you think it would be helpful to answer in this section?

- 2.4 Section 3 of the proposed guidance (Assessing if a contract is a QSC) identifies the factors that need to be considered when assessing whether a contract is a QSC and matters related to when a QSC assessment should be completed.

Q7. How helpful or unhelpful is this section in explaining the regulatory requirements for undertaking a QSC assessment?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q8. What changes, if any, would you make to the guidance in this section? (Please include paragraph numbers where relevant.)

- 2.5 Section 4 of the proposed guidance (QSC notifications and appeals) identifies the requirements for providing notifications related to QSC assessments and how a prospective sub-contractor can make an appeal to the SSRO against a positive QSC assessment.

Q9. How helpful or unhelpful is this section in explaining the regulatory requirements for notifications and appeals related to QSC assessments?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q10. What changes, if any, would you make to the guidance in this section? (Please include paragraph numbers where relevant.)

- 2.6 Section 5 of the proposed guidance (Agreeing the price of a QSC) identifies how the regulatory requirements for pricing qualifying contracts are modified for QSCs and provides signposting to other relevant SSRO guidance.

Q11. How helpful or unhelpful is this section in understanding the regulatory requirements for agreeing the price of a QSC?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q12. What changes, if any, would you make to the guidance in this section? (Please include paragraph numbers where relevant.)

- 2.7 Section 6 of the proposed guidance (Record-keeping and reporting by sub-contractors under QSCs) identifies how the regulatory requirements for record-keeping and reporting are modified for QSCs and provides signposting to other relevant SSRO guidance.

Q13. How helpful or unhelpful is this section in understanding the regulatory requirements for record-keeping and reporting?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q14. What changes, if any, would you make to the guidance in this section? (Please include paragraph numbers where relevant.)

- 2.8 Section 7 of the proposed guidance (Notifying the SSRO of changes) identifies the provision for a sub-contractor under a QSC to give notice that the regulatory framework should cease to apply to that contract and provides signposting to other relevant guidance.

Q15. How helpful or unhelpful is this section in understanding the regulatory provisions pertaining to notices of cessation?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q16. What changes, if any, would you make to the guidance in this section?
(Please include paragraph numbers where relevant.)

- 2.9 Section 8 of the proposed guidance (Enforcement action by the MOD) identifies the basis on which the MOD may take enforcement action where contraventions of the regulatory requirements occur.

Q17. How helpful or unhelpful is this section in understanding the regulatory provisions related to compliance and penalty notices?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q18. What changes, if any, would you make to the guidance in this section?
(Please include paragraph numbers where relevant.)

- 2.10 Section 9 of the proposed guidance (How the SSRO can help) provides an overview of the support the SSRO provides to assist the MOD and new and existing contractors and sub-contractors under qualifying contracts to understand and apply the regulatory framework.

Q19. How helpful or unhelpful is this section in understanding the different types of support provided by the SSRO?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q20. What changes, if any, would you make to the guidance in this section?
(Please include paragraph numbers where relevant.)

- 2.11 The SSRO is also consulting on updated versions of its previously published QSC *Assessment Notification* and *Positive QSC Assessment Notification* forms, which may be used by contracting authorities when fulfilling their obligations to provide specified notifications about QSC assessments.

Q21. How helpful or unhelpful is the updated QSC *Assessment Notification* form in assisting contracting authorities to meet their obligations to provide specified notifications about QSC assessments?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q22. How helpful or unhelpful is the updated *Positive QSC Assessment Notification* form in assisting contracting authorities to meet their obligations to provide specified notifications about QSC assessments?

<input type="checkbox"/>	Very helpful	<input type="checkbox"/>	Helpful	<input type="checkbox"/>	Neither helpful nor unhelpful	<input type="checkbox"/>	Unhelpful	<input type="checkbox"/>	Very unhelpful
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Q23. What changes, if any, would you make to the notification forms?

- 2.12 The SSRO welcomes comments of a more general nature about the proposed QSC guidance and its consultation.

Q24. Please let us know if you have any other comments on the SSRO's proposed guidance or this consultation.

3. Responding to the consultation

3.1 The consultation on the SSRO's draft QSC guidance is open to all interested persons. We particularly welcome comments from individuals or organisations with an interest in single source defence procurement and ensuring that good value for money is obtained in the government expenditure on qualifying contracts and that the prices paid under those contracts are fair and reasonable.

3.2 The timetable for consulting on and finalising the SSRO's QSC guidance is shown below.

Date	Milestone
2 April 2025	Consultation on draft guidance opens
14 May 2025	Consultation on draft guidance closes
23 June 2025	Consultation response and final guidance published

3.3 A [consultation response form](#) has been published on the SSRO's website. The response form can be completed electronically or printed and completed by hand. Completed response forms should be sent:

- by email to: consultations@ssro.gov.uk (preferred)
- by post to: QSC guidance consultation, SSRO, 100 Parliament St, London, SW1A 2BQ

3.4 Please note that responses received after 5pm on 14 May 2025 may not be taken into account by the SSRO when preparing its final guidance.

3.5 The SSRO welcomes the opportunity to meet with stakeholders to discuss its proposed guidance. If you would like to discuss any aspect of this consultation or the draft guidance during the consultation period please contact David Pottruff at the SSRO via david.pottruff@ssro.gov.uk or 020 3589 4556.