

SSRO

Single Source
Regulations Office

**Guidance on the SSRO's referrals procedures for
appeals against assessment as a qualifying
sub-contract under the Defence Reform Act 2014**

Draft for consultation

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1. Introduction and scope

- 1.1 The Single Source Regulations Office (SSRO) is an executive non-departmental public body, sponsored by the Ministry of Defence (MOD), and plays a key role in supporting the regulatory framework for single source defence contracts established by Part 2 of the Defence Reform Act 2014 (the Act) and the Single Source Contract Regulations 2014 (the Regulations).
- 1.2 The regulatory framework specifies how contracts that meet the requirements for being qualifying defence contracts (QDCs) or qualifying sub-contracts (QSCs) must be priced and requires transparency about those contracts and the contractors who hold them. A proposed contract will be a QSC if it meets the requirements set out in either section 28(3) or 28(4) of the Act. Before the regulatory framework will apply, the contract must have been assessed by the contractor awarding the contract as meeting the requirements to be a QSC and the contractor must have given notice of that assessment to the Secretary of State and the sub-contractor (a notice of assessment). The sub-contractor may appeal against the assessment to the SSRO, who must determine the appeal. A summary of the key provisions of the regulatory framework are set out in Appendix 1.
- 1.3 This document is a guide to the procedures the SSRO will follow when determining an appeal against an assessment that a proposed contract is a QSC. The guidance applies to all such appeals accepted from the date of this guidance. The guidance sets out:
 - the regulatory framework and role of the Single Source Regulations Office (SSRO);
 - the requirements for submitting a notice of appeal to the SSRO;
 - the criteria that the SSRO will apply to determine whether to accept a referral for an appeal;
 - the process the SSRO follows at each stage when determining the appeal; and
 - the roles and expectations of all parties throughout the process.
- 1.4 When carrying out its statutory functions, the SSRO aims to ensure that good value for money is obtained for the UK taxpayer in Ministry of Defence (MOD) expenditure on QDCs, and that single source suppliers are paid a fair and reasonable price under those contracts.
- 1.5 There are additional matters that may be referred to the SSRO for a decision to which this guidance does not apply, these are:
 - opinions (s.35(1)(a), s.35(3), s.35(7) of the Act);
 - determinations (s.16(2)(b), s.18(3), s.20(5) and (6), s.21(3)(b), s.32(8), s.35(1)(b), & s.35(7) of the Act); or
 - notices of cessation (s.30(4)(b) of the Act).
- 1.6 Separate guidance documents for opinions and determinations are published on [the SSRO website](#). Anyone seeking to appeal to the SSRO may contact us via referrals@ssro.gov.uk or 020 3771 4785 to discuss the requirements.
- 1.7 The guidance is not intended to be exhaustive but reflects the SSRO's principal practice and procedures at the date of publication. The SSRO may depart from the guidance as it considers necessary or appropriate. The guidance may be revised from time to time to reflect changes in the law, good practice, or learning obtained from determining appeals, including as a result of feedback received from parties.
- 1.8 The guidance refers to legal requirements but should not be used in substitution for the requirements themselves. Parties to a referral should rely on their own legal advice as to the application of any legal requirement.

2. General conduct of referrals

- 2.1 A three-person Referral Committee appointed on a case by case basis in accordance with the Act and [the SSRO's Corporate Governance Framework](#) will determine an appeal. At least one member of the Committee will be an independent, i.e. neither a board member nor an employee of the SSRO¹. Potential conflicts of interest² will be considered before appointing the Committee.
- 2.2 The Referral Committee will be supported by a case team established for each appeal (the Case Team). The composition of the Case Team will depend on the grounds of appeal, with roles allocated as appropriate to reflect the skills and requirements of each appeal. All parties engaged with the appeal will be provided with the contact details for the SSRO's Case Team and should use those details to communicate with the SSRO during the process.
- 2.3 The SSRO will share agreed contact details with the parties. In most cases, one of these parties will be the Secretary of State, and the people involved from the MOD will include senior staff engaged in the contract delivery. The Secretary of State or the person who made the assessment may make a submission to the SSRO in writing on any matters to which they wish the SSRO to have regard in determining the appeal (regulation 62(6)).
- 2.4 The SSRO will treat all commercially sensitive information appropriately and has published a statement on how it handles commercially sensitive information. You can read more information about this on [the SSRO's website](#).
- 2.5 The SSRO will comply with the requirements of the Act when determining an appeal and other public law requirements, including procedural fairness.
- 2.6 If at any stage of the appeal a party feels that the SSRO is acting unfairly or has not complied with a legal requirement, then any concerns should be raised with the Case Team at the earliest opportunity. The SSRO will deal promptly with such concerns.
- 2.7 A party who is dissatisfied with the SSRO's response to an initial concern may raise a formal complaint with the SSRO through [the SSRO Complaints Policy](#). The SSRO aims to resolve all complaints within 20 working days of receipt. However, we understand that complaints regarding the appeal process may be time-sensitive and require a quicker conclusion. In such cases, we will set out an alternative appropriate timeframe for dealing with such complaints.

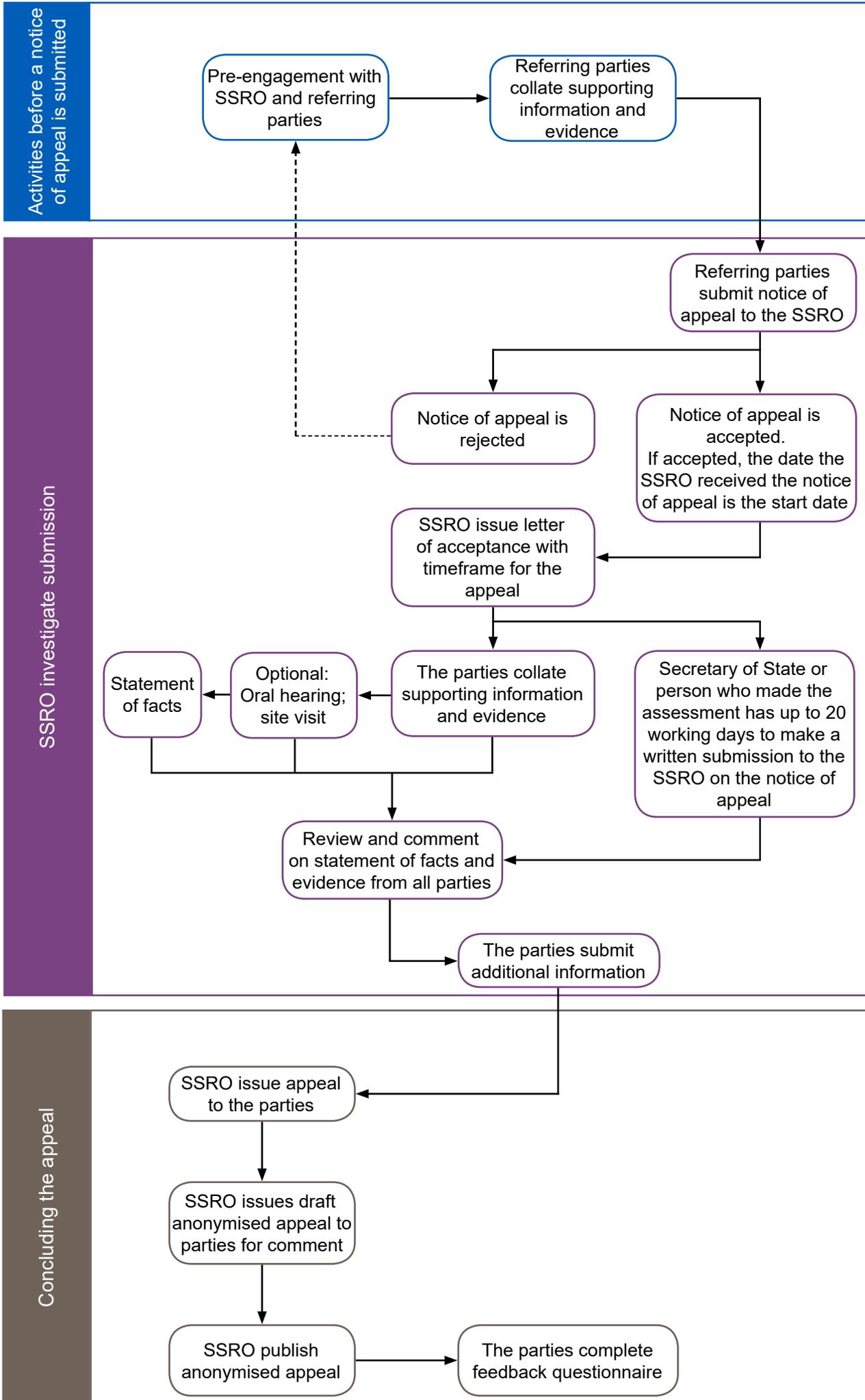
¹ Appointment to the Referral Committee is in accordance with the terms of reference set out in the SSRO Corporate Governance Framework. A profile of both independent members and non-Executive Members from which a Referral Committee may be drawn is available on the SSRO website.

² <https://www.gov.uk/government/publications/ssro-code-of-conduct>

3. Summary of the stages in determining an appeal

- 3.1 The following sections of the guidance look at the key stages in the process, from prior to a submission being made to concluding the appeal. The various stages are examined under the following headings:
- engaging with the SSRO before referring matters for an appeal (section 4);
 - assessing whether to accept a notice of appeal (section 5);
 - setting a timeframe (section 6);
 - investigating the submission for an appeal (section 7); and
 - concluding the referral (section 9).
- 3.2 This guidance sets out a broad outline of the activities in each stage. The stages and corresponding activities should be viewed as indicative, as the process may need to be adapted for the circumstances of each appeal (see section 6). The diagram below illustrates the process the SSRO will generally follow. More detail on each of the stages is set out in sections 4 - 9.

Appeals



20 working days

20 working days

Appeal complete within 40 working days from date of receipt of notice of appeal

4. Engaging with the SSRO before referring matters for an appeal

Early engagement with the SSRO

- 4.1 The SSRO encourages early engagement with the party or parties that are considering making an appeal. Early engagement should support the parties to:
- clarify whether the circumstances have been met for an appeal and draft the referral;
 - outline any circumstances for consideration by the SSRO when setting a timescale;
 - understand requirements and expectations for each stage of the process;
 - ensure engagement at the appropriate organisational level from all parties; and
 - identify information to be provided in support of a submission. This will increase the likelihood of an appeal being accepted.
- 4.2 Where appropriate, the SSRO will encourage the parties to agree on the issues to be raised in the appeal and the facts required to determine the appeal. Early engagement should also assist the SSRO to plan and conduct an efficient process and determine the appeal in time.
- 4.3 The party considering submitting a notice of appeal should contact the SSRO via referrals@ssro.gov.uk or 020 3771 4785. It is recommended that the party contacting the SSRO have the following information to hand:
- the date of receipt of the notice of assessment;
 - confirmation of whether or not the assessed contract has been entered into; and
 - an outline of the grounds for the appeal.

Contact with non-referring parties

- 4.4 The SSRO may, with permission, also engage with the other party or parties to the contract or proposed contract, who may need to be involved in the referral. This will include the MOD.

Making a submission for an appeal

- 4.5 To commence an appeal, the referring party must submit a written notice to the SSRO (a notice of appeal) containing:
- the name and contact details of the person bringing the appeal;
 - if the person bringing the appeal is a company, its registered name and company number, and the address of its registered office;
 - the name and contact details of the person who made the assessment;
 - if the person who made the assessment is a company, its registered name and company number, and the address of its registered office; the grounds for the appeal (regulation 62(4));
 - representations as to how the matter should be determined, together with reasons;
 - the provision within the legislation under which the SSRO is being requested to determine an appeal. For example: "The referral is made under section 29(5)(a) of the Defence Reform Act 2014 and Regulation 62(1) of the Single Source Contract Regulations 2014"; and
 - background context to the request to determine the appeal including relevant statutory reports, previous measures taken to address or reach agreement on the matter referred, such as a description of any negotiations which have taken place between the parties or, in the event the other party was unwilling to enter into negotiations, information about the steps taken by the referring party to enter into good faith negotiations.

- 4.6 The referring party or parties should provide submissions with relevant supporting information where possible. The notice of appeal must be:
- accompanied by a copy of the notice of assessment;
 - received by the SSRO no later than six months after the person bringing the appeal received the notice of assessment; and
 - copied to the person who made the assessment and to the Secretary of State at the same time that it is sent to the SSRO (regulation 62(5)).
- 4.7 The SSRO does not prescribe the form of a notice of appeal or the form of any accompanying submissions. All information submitted to the SSRO should be relevant to the referral and clearly referenced to arguments laid out in the notice of appeal and accompanying submissions.
- 4.8 The nature of the information required to support the referral will vary according to the circumstances of each referral. For example, if the SSRO is asked to assess an appeal on the grounds that the contracting authority had awarded the contract as a result of a competitive process, information demonstrating that such a process had taken place should be provided. Regulations 59 and 60 describe scenarios which may constitute a competitive process.
- 4.9 Following early engagement, the referring party or parties should have clarity on the information that a party will need to provide in order for the SSRO to proceed to accept the request for an appeal. The SSRO will not be able to progress the appeal until it has received a notice of appeal containing the information required by the Regulations.

5. Assessing whether to accept the notice of appeal

Notification that the notice of appeal has been received

- 5.1 The SSRO will confirm receipt of the notice of appeal in writing within one working day. Confirmation of receipt does not indicate a formal acceptance of the referral.

Assessing whether the appeal falls within the SSRO's authority

- 5.2 The SSRO will assess whether the appeal falls within the SSRO's jurisdiction under the Act and the Regulations. The key provisions are summarised in Appendix 1, but the procedural requirements are:
- A notice of appeal must be provided to the SSRO, containing the information prescribed in regulation 62(4) (see paragraph 4.5 above);
 - The notice of appeal must be accompanied by the notice of assessment which is the subject of the appeal (regulation 62(5)(a));
 - The SSRO must receive the notice of appeal no later than 6 months after the person bringing the appeal received the notice of assessment (regulation 62(5)(b));
 - The notice of appeal must have been copied to the Secretary of State and the person who made the assessment, at the same time that it is sent to the SSRO (regulation 62(5)(c)) and
 - The proposed contract which has been assessed as being a QSC must not have been entered into at the time when the appeal is referred to the SSRO.

Assessing whether the notice of appeal contains the requisite information

- 5.3 The SSRO must take account of the statutory timescales set out in Regulation 62(5) which require that the notice of appeal must have been received by the SSRO no more than six months after the person bringing the appeal received the notice of assessment.
- 5.4 Although the SSRO encourages the party or parties to discuss and agree what information will support the decision to accept the appeal (see section 4), it recognises that an appeal is likely to be a single party referral. The SSRO will assess whether the notice of appeal contains the information required under regulation 62. If the required information has not been provided, the SSRO will reject the notice of appeal and require the sub-contractor to resubmit a valid notice.
- 5.5 The SSRO may seek a meeting with the referring party to obtain clarification of the notice of appeal or supporting information. Such meetings may take place via conference call facilities or in person.

Accepting the notice of appeal

- 5.6 The SSRO will notify the parties of its decision on whether a notice of appeal meets the requirements set out in the Regulations, giving reasons where not. If dissatisfied, a party may raise its concerns under the SSRO's complaints policy. It is open to parties to request a court to review the lawfulness of the decision through a judicial review process.
- 5.7 The timeframe for the SSRO to determine the appeal will start on the date the SSRO received a valid notice of appeal containing the requisite information.

5.8 The SSRO will also confirm the following to the parties:

- the grounds for appeal accepted;
- the timetable;
- expectations during the referral process;
- contact details and composition for the Case Team;
- the composition of the Referral Committee; and
- security measures for communicating with the parties.

5.9 Other issues may arise during the investigation, but the SSRO's determination of the appeal will be based on the grounds set out in the notice of appeal. If the referring parties agree that the notice of appeal should be revised significantly, the SSRO will consider that request by reference to similar considerations as would apply to the receipt of a new referral. If a significant revision is made, then the referring party will need to resubmit a new notice of appeal and the timescale will be restarted from the date of receipt of the new notice.

Publishing the acceptance of an appeal on the SSRO's website

5.10 Unless there are exceptional circumstances, the SSRO will publish the acceptance of an appeal on the SSRO website setting out a brief summary of the issue. In doing so, the SSRO will anonymise the information and protect the confidentiality of the referring parties. This should promote greater understanding of the regime and facilitate engagement with the SSRO and the discharge of its functions.

6. Setting a timeframe

- 6.1 The Regulations set a deadline for the SSRO to determine an appeal within 40 working days of receiving the notice of appeal (regulation 61(7)). The SSRO is committed to determining all appeals in a professional and timely manner.
- 6.2 If there is a commercial imperative which affects the timeframe, this should be made known to the SSRO when making a submission for an appeal, or at the earliest opportunity.
- 6.3 The timetable set by the SSRO must allow for the Secretary of State and the person who made the assessment to make submissions to the SSRO about the appeal. The Secretary of State or the person who made the assessment may, within 20 working days of receipt of the notice of appeal, make a written submission to the SSRO on any matters to which they wish the SSRO to have regard in determining the appeal.

7. Investigating the appeal

- 7.1 The SSRO will investigate before determining the appeal. The purpose of the investigation is to assist the SSRO in clarifying and understanding the appeal. The extent of investigation will depend on the matter under consideration and the information already submitted by the referring party. This section should also be read in conjunction with paragraphs 4.6 to 4.8 of this guidance.
- 7.2 In determining the appeal, the SSRO may have regard to its own relevant data (which will be made available to the parties) as well as any material which is required to be considered by the Act or the Regulations. For example, when determining an appeal, Regulation 54 requires the SSRO must have regard to:
- a. any regulations or statutory guidance made under Part 2 of the Act which were in force at any time material to the matters under consideration;
 - b. the extent to which any relevant statutory guidance has been followed (and any justification advanced for not following it);
 - c. the extent to which any person has fulfilled its responsibilities under Part 2 of the Act and these Regulations;
 - d. any relevant previous decisions of the SSRO; and
 - e. representations made by the parties to the contract (or the persons who would be parties to the proposed contract), and (where not such a party or person) by the Secretary of State.
- 7.3 The SSRO uses a number of methods to obtain information, not all of which will be applicable to each appeal. The SSRO has set out below the most common ways in which information is likely to be obtained.

Meeting with parties (if necessary)

- 7.4 The SSRO may arrange to meet with a party any time during the process, if it would be beneficial to the investigation. For example, a meeting may be held for the purposes of clarification or explanation of some aspect of the referral. These meetings can take place either in person or via conference call facilities and should assist the SSRO to gain a detailed understanding of the matters referred. A party to the referral may propose a meeting if it considers this will assist the SSRO to determine the appeal.

Information gathering

- 7.5 The SSRO may make requests for information to the referring party, another party to the proposed contract participating in the referral or an interested third party. An example of an interested party is the Secretary of State in relation to a qualifying sub-contract. Parties should provide prompt, complete responses to the SSRO's requests, as failure to do so may affect the timeliness and content of the SSRO's decision. The SSRO will take the approach outlined in paragraph 2.4 to any commercially sensitive information provided.
- 7.6 It may be that multiple requests for information will be required before the SSRO can determine an appeal. We will take a proportionate approach to the number, content and timing of information requests and may liaise with the relevant party when preparing a request.

- 7.7 The SSRO will set a date by which parties are expected to respond. This is likely to require a short turnaround and the parties should notify the SSRO promptly in case of difficulty. The requirement for the SSRO to determine an appeal within 40 working days from receipt of a valid notice of appeal means there is unlikely to be much flexibility to amend timescales.
- 7.8 If a party is concerned about the content of an information request, it should contact the Case Team. The SSRO may modify an information request if it considers there is a more efficient way to obtain the information it requires to determine an appeal. The final decision on whether information is required rests with the SSRO.

Circulation of the submission and other written representations to the other party where permitted and appropriate

- 7.9 The referring party is required to circulate the notice of appeal and supporting papers to the person who made the assessment and the MOD, who each have up to 20 working days to provide written comments to the SSRO. We will share and seek comment on other submissions made by the parties, as necessary to ensure a fair process.
- 7.10 There will be a presumption that parties are content for the information they provide to be shared with the other party or parties participating in the referral. If a party does not want some information to be shared, then it should provide a clear written statement identifying the following at the time of submission to the SSRO:
- the information that it asks the SSRO not to share;
 - the reasons why it considers the information should not be shared;
 - whether a redacted or summarised version may be shared, in which case both the original and the redacted or summarised versions should be provided; and
 - the basis on which the party considers that the SSRO may fairly consider the submitted information if it has not been seen by all parties engaged in the process.
- 7.11 When determining an appeal, the SSRO will generally only rely upon information that has been made available to all parties. The SSRO will be guided by fairness in deciding whether to accept or consider information that has not been made available to one of the parties.

Statement of Facts

- 7.12 The SSRO will confirm its understanding of the facts with the parties before it determines the appeal. The SSRO may share its own statement of facts with the parties and ask them to comment on its accuracy.

Site visit

- 7.13 The SSRO may organise a site visit to the contractor's facilities related to the referral, if that would assist it to determine the issues raised in the appeal. For example, if contract values have been aggregated for the purposes of determining the value of the sub-contract, but the proposed sub-contractor does not agree that the proposed sub-contract is based on fulfilling a requirement under Regulation 5(5)(b), a site visit may help to clarify the requirement. The purpose of the site visit is for the SSRO to obtain a greater understanding of the context for the appeal, for example by visiting key facilities, or hearing a presentation outlining the nature of the business or a relevant process.
- 7.14 A site visit is not intended to be an evidence-gathering exercise. With this in mind, a formal record will not usually be made of a site visit. Attendees may take their own informal notes to aid their understanding. The parties should not seek to argue their respective cases or make submissions at the site visit.
- 7.15 Site visits are not expected to last more than one day. The SSRO will agree an agenda with the host party prior to the site visit.

- 7.16 The site visit will be attended by members of the Referral Committee and Case Team. It is expected that all parties will attend the site visit and assist the SSRO by showing key facilities and processes and responding to queries. The SSRO may request named representatives from all parties engaged in the process to be in attendance.

Oral hearing

- 7.17 The SSRO may hold one or more oral hearings. The purpose of the oral hearing is for both parties to present their views to the SSRO on the matters referred, and to clarify existing information. The oral hearing also provides an opportunity for the SSRO Referral Committee to ask both parties questions.
- 7.18 The parties are expected to send representatives to the oral hearing who are familiar with the matters in issue and authorised to speak for the party. The SSRO may request that specific representatives attend. Legal advisors may attend but the Referral Committee's questions should be answered by persons with direct knowledge of the facts.
- 7.19 The SSRO will generally record the oral hearing and arrange a transcript, a copy of which will be provided to the parties. If a party considers there are issues of inaccuracy in respect of what was said at the oral hearing, these should be raised with the Case Team.

8. Determining and publishing the appeal

Determining the appeal

- 8.1 The appeal determination contains the decision of the Referral Committee and will normally be sent to the referring parties as a final document without opportunity for comment. The SSRO would not generally expect to engage further with any party after the decision is given.
- 8.2 The SSRO's decision may have legal consequences for the affected parties. This includes the payment of costs, which may be required by the proposed sub-contractor to the Secretary of State or by the Secretary of State to the proposed sub-contractor.

Publishing the appeal

- 8.3 The SSRO's general approach is to publish a summary or redacted version of the appeal on the SSRO's website. The SSRO publishes this information to contribute to the evidence base as to the operation of the regulatory framework established by Part 2 of the Act and the Regulations. This should promote greater understanding of the regime, facilitate engagement with the SSRO and inform discharge of our functions, such as the development of guidance or the review of legislation. However, appeals are contract-specific, and care should be taken before applying them to other circumstances and contractual arrangements.
- 8.4 The SSRO would not publish information about an appeal if doing so would compromise UK operational security. The SSRO will give due consideration to representations made to this effect.
- 8.5 The SSRO's published version of the appeal will be anonymised, unless there are exceptional circumstances that justify identifying a party. If the SSRO considers this to be likely, the SSRO will seek representations from the parties before reaching a decision.
- 8.6 The SSRO will exclude from the published version any information that would be likely to cause significant prejudice to the commercial interest of one or more parties engaged in the appeal. Parties will be given an opportunity to make representations on a draft publication version prior to publication.
- 8.7 A final version will be sent to the parties shortly before publication. The SSRO's Annual Report and Accounts will also include summary details of all appeals completed in the financial year, upon which the SSRO will not seek representations.

9. Concluding the referral

Closing the referral

- 9.1 In exceptional cases, the SSRO will close an appeal before a final decision is made, if:
- the legislation permits; and
 - it is satisfied in the circumstances that the appeal should not be determined.
- 9.2 This may be appropriate, for example, if all parties reach a settlement when the matter is in progress and seek to withdraw the appeal.

Appealing against a decision

- 9.3 The SSRO's decision is final. Once the SSRO has given its decision, there is no appeal mechanism in the Act or the Regulations. It is open to parties to request a court to review the lawfulness of the decision through a judicial review process.

Feedback

- 9.4 The SSRO welcomes face to face or written feedback about the referrals process. We will use this information to help us improve our procedures and processes on an ongoing basis.
- 9.5 Feedback can be provided during the referral process. Should any issues or concerns arise, they may be communicated to the Case Team at any point in the process.
- 9.6 On conclusion of the appeal, the SSRO will contact the parties engaged to seek feedback on the processes followed in determining the appeal. This will likely involve a short questionnaire and a meeting or telephone call to discuss feedback.

Appendix 1 Statutory grounds for appeals

The table below summarises the main regulatory provisions concerning an appeal against a QSC assessment. It identifies the person or persons who may make a reference to the SSRO and any time limits which apply.

Ground	Function	Referring parties	Time limit
Appeal against positive assessment (section 29(5) and Regulation 62)	The SSRO must determine an appeal against an assessment that a proposed contractor or sub-contract would be a QSC if entered into.	A prospective sub-contractor (reg 62(1) and (2)).	(a) The notice of appeal is to be received by the SSRO no later than six months after the person bringing the appeal received the notice of assessment (reg 62(5)(b)); and (b) in any event, no appeal may be brought after the proposed contract is entered into (reg 62(3)).

