

SSRO

Single Source
Regulations Office

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Consultation response: Contract amendments: guidance on redetermining the price of a QDC or QSC



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1. Introduction

Summary of responses

Respondents welcomed the guidance and supported the SSRO’s approach to addressing a complex area of the regulatory framework, with feedback focusing on navigability, clarity of scope, and practical usability.

- improved navigability through clearer structure, including numbering of key subsections and repositioning of “legislation relevant to this section” boxes;
- clarified the scope of pricing amendments, including clearer treatment of changes that are not pricing amendments (such as variation of price clauses); and
- strengthened practical support through refinements to examples, incorporation of flowcharts into the main guidance, and clearer signposting to relevant SSRO reporting guidance.

- 1.1 This document sets out the SSRO’s response to feedback received on our proposed new guidance on amending the price of a qualifying defence contract (QDC) or qualifying sub-contract (QSC). The Procurement Act 2023 granted new powers to the SSRO to issue such guidance as it considers appropriate in relation to the application or interpretation of the law on any aspect of the regulatory framework. We selected the topic of pricing amendments to QDCs and QSCs in response to stakeholder feedback that the Schedule to the Regulations is a complex area where additional support is needed.
- 1.2 The parties to a QDC or QSC may wish to amend a contract or component of a contract in a way that affects the contract price. Section 15 of the Defence Reform Act 2014 (“the Act”) and the Single Source Contract Regulations (“the SSCRs” or “the Regulations”) set out how the price payable under a QDC or QSC must be redetermined in these circumstances.
- 1.3 We ran a 14-week public consultation, from 03 October 2025 to 09 January 2026, on our new draft guidance, entitled Contract amendments: guidance on redetermining the price of a QDC or QSC. We would like to thank all respondents for their feedback which has helped us improve the draft guidance, which is published alongside this document.
- 1.4 This new guidance explains the provisions of the regulatory framework relevant to contract pricing amendments and provides signposting to other SSRO guidance which may also apply. We have sought to ensure that areas which are routinely observed to be challenging are covered, with comprehensive guidance provided to explain them.
- 1.5 We received 8 written responses to the consultation. The table below provides a breakdown of responses.

Table 1

	Government	Industry	Trade/Advisory Body
Number of responses	1	6	1

Consultation questions

- 1.6 The consultation sought feedback on the following questions in relation to the draft guidance:
- Question 1: Does the draft guidance cover the correct areas and have the appropriate structure? If not, please suggest what additional areas the guidance should cover and why this would be helpful.
 - Question 2: Do you support this approach to developing SSRO guidance? We welcome any feedback or suggestions for further improving the user experience.
 - Question 3: Do you think the quick start guide is a useful aid for navigating the full guidance, particularly for users who are new to the single source contract regime? We welcome feedback or suggestions for improvements to the content or layout of the quick start guide.
 - Question 4: Common principles - Do you find the introduction and common principles a helpful entry point to the concepts behind, and requirements of, making pricing amendments? We welcome feedback or suggestions for improvements to the content or layout of the introduction and common principles sections of the guidance.
 - Question 5: Navigating the document - We welcome feedback on the structure of sections 3 to 6. In particular we would welcome any views on whether:
 - The structure makes it easy to navigate the document and find relevant content.
 - Each pricing amendment scenario is explained clearly and accurately.
 - The process for making more than one pricing amendment is clear.
 - Concepts such as contractual requirements or distinguishable costs are clearly defined.
 - Question 6: Illustrative Examples - We welcome feedback on the examples included in the guidance including suggestions to improve their content or presentation.
 - Question 7: Cross referencing SSRO guidance and the Regulations:
 - Do you feel the guidance covers the key points from other SSRO guidance at the appropriate level of detail to ensure it is clear and accessible for users of varying levels of experience?
 - We welcome feedback or suggestions for improvements to the cross referencing.
 - Question 8: Reporting Requirements (section 7) & Getting help and resolving issues (section 8) - we welcome feedback on the content of these sections.
 - Question 9: Key questions and answers regarding contract amendments:
 - Are the key questions and answers within the draft guidance clear and understandable?
 - We would welcome suggestions of any further questions or topics for inclusion.
 - Question 10: Other feedback – Are there any other aspects of the guidance you would like to provide feedback on which are not covered in the questions above?

Consultation response structure

- 1.7 The sections below summarise the feedback received to the consultation questions and provides the SSRO's response to it. Where several respondents made similar arguments, we have sought to sensibly aggregate these, and in so doing some feedback may be included in sections different to those under which they were originally raised.

2. Consultation feedback

Summary of responses

- 2.1 Responses were positive, with stakeholders expressing that this was a valuable piece of guidance and that the new approach taken in its development was a significant step forward in accessibility and ease of use.
- 2.2 Respondents made suggestions on areas for improvement relating to:
- Improving the structure of the contents page and making the main guidance easier to reference, including the integration of the quick start guide into the main document.
 - Expanding the description of what is within and outside the scope of the Schedule to the Regulations and thus the guidance.
 - Enhancing examples to improve clarity and make them as accessible as possible to all users.
 - Some minor reformatting to improve ease of use and referencing to the Regulations.
- 2.3 The remainder of this section sets out in more detail the stakeholder feedback received to the questions posed in the consultation and the SSRO's responses to these questions. Section 3 sets out the conclusions and next steps for implementation.

Question 1: Coverage and structure

Feedback on the structure and scope of the guidance

- 2.4 All respondents agreed that the guidance covered the correct areas. Feedback included that:
- subsections should be numbered to enable better navigation of the document.
 - the "Legislation relevant to this section" information boxes which were placed at the end of each subsection would be better placed at the beginning to allow users to cross reference the guidance and the Regulations upfront.
 - the structure of the Key Terms and Definitions should be changed to group the definitions of the Act, the Regulations, and the guidance.

SSRO response

- 2.5 We have implemented the suggestions of numbering important subsections to improve the navigability of the guidance for users and moving the "legislation relevant to this section" information to the front of each section.
- 2.6 The Key Terms and Definitions across all our guidance are currently laid out in alphabetical order. The SSRO is reviewing this aspect of our pricing guidance in the coming year, and we will consider the suggested restructure. We have retained the current structure for now.

Question 2: Approach to guidance development

Feedback on the guidance development approach

- 2.7 We asked if respondents supported the approach we had taken to SSRO guidance, focusing on practical implementation for users and ease of locating the guidance relevant to user needs. We invited feedback or suggestions to further improve the user experience.
- 2.8 All respondents supported the approach the SSRO had taken to the guidance, and the choice of contract amendments as topic area. Respondents appreciated the accessible language and clear signposting used throughout, with many comments praising the inclusion of worked examples for aiding understanding. Stakeholders noted that this was a complex area, and an appropriate next step for issuing new guidance.
- 2.9 Stakeholders welcomed the opportunity to comment and feedback on the draft guidance, and some requested additional discussions. We have engaged with several stakeholders through follow up discussions which provided in-depth and considered input. The SSRO thanks stakeholders for their time and valued feedback.
- 2.10 Additional questions raised by a respondent included:
- Does the SSRO review the responses to commonly asked questions (CAQs) published on its website for inclusion into guidance.
 - Has the SSRO considered implementing online tests to help ensure that users have a good understanding of how the requirements work.
 - Could the guidance provide more references to the specific regulations for each of the elements of the guidance.
 - Will there be a formal follow up “request for comments” post-publication after the guidance has been in force for a period of time?

SSRO response

- 2.11 The commonly asked questions are reviewed and incorporated into guidance updates (including this new guidance) where appropriate and the website will be updated in due course to reflect this.
- 2.12 We publish guidance to help the parties to QDCs and QSCs meet their legal obligations under the Act and the Regulations. We will consider the inclusion of ‘exam style’ questions and model answers to supplement our guidance as part of our plans to expand the SSRO’s training offering through teach-ins and video content. We are currently testing different approaches such as the “test your knowledge” section in our recent QSC teach-in and the worked example video released alongside this guidance.
- 2.13 Our overall aim is that the guidance enables users to understand their legal obligations in a clear and accessible way without the need to refer to the Act and Regulations in every instance. However, the legislation remains the authoritative source of the obligations. As such, we included reference to the Regulations throughout the guidance in a way that we consider strikes the right balance between ensuring that the legal basis for the guidance is clear and avoiding overburdening the text with legislative references.

- 2.14 We remain open to feedback at any time on all of our pricing guidance. With the SSCR Review currently taking place, additional guidance updates outside our regular timetable may be required. We have made this an agenda item for Operational Working Group (OWG) meetings in 2026.

Question 3: Quick start guide

Feedback on the new quick start guide

- 2.15 We sought feedback on whether the quick start guide helped both experienced users and users new to the regime navigate the full guidance. We invited suggestions and feedback for improving the content or layout of the quick start guide.
- 2.16 Respondents unanimously supported the inclusion of a quick start guide as a useful aid, particularly for navigating the main guidance and a complex area of the Regulations. Many users responded positively about the flowcharts but thought they should be included in the main guidance rather than as a separate document, suggesting this would improve ease of reference and questioning if a separate document was necessary.
- 2.17 Many respondents also suggested minor formatting or presentational additions to improve the flowcharts.

SSRO response

- 2.18 Contract pricing amendments are a complex and technical area of the Regulations, and we consider a short separate quick start guide strikes a beneficial balance between accessibility, particularly for users new to the regime, and providing sufficient detail to support its use in practice. We will therefore continue to produce the quick start guide as a separate document but have also included a copy of the flowcharts in the main guidance as suggested for those more familiar with the regime.
- 2.19 We have implemented a number of formatting and presentational suggestions where space allows, aiming for the flowcharts to remain a condensed, easy-to-digest reference tool. We are exploring the technical aspects of including dynamic links in the guidance. We will keep the quick start guide under review and appreciate all ongoing feedback from users to assist in making it the most useful companion to the guidance it can be. This is the first time the SSRO has included a quick start guide, and similar guides are being considered for other SSRO guidance where appropriate, particularly to aid new or unfamiliar users of the regime.

Question 4: Introduction and common principles

Feedback on the opening sections

- 2.20 We sought feedback on these sections of the draft guidance. In particular we welcomed any views in relation to:
- Whether these sections were a helpful entry point to the concepts behind and the requirements of making pricing amendments
 - The content and layout of the sections
- 2.21 All respondents agreed that the introduction and common principles were helpful and important. The practical support the guidance offered was well received, particularly on the signposting of component creation and how to minimise this if unnecessary.
- 2.22 Many respondents requested an expansion of what was in scope of the Schedule to the Regulations and thus this guidance. There was a particular focus on amendments that do not meet the requirements of a pricing amendment such as variation of price (VOP) clauses or the exercising of priced options to extend contracts.

SSRO response

- 2.23 We thank stakeholders for the strong engagement received both during the consultation period and in written responses. We have expanded the relevant paragraphs to make what is in and out of scope of the guidance clearer to all users. We have also added an example of how the use of a VOP clause can differ from a pricing amendment.

Question 5: Navigating the document

Feedback on the structure of the guidance

- 2.24 We sought feedback on sections 3 to 6 of the draft guidance. In particular we welcomed any views in relation to whether:
- The structure makes it easy to navigate the document and find relevant content
 - Each pricing amendment scenario is explained clearly and accurately
 - The process for making more than one pricing amendment is clear
 - Concepts such as contractual requirements or distinguishable costs are clearly defined
- 2.25 Respondents found the core sections (3–6) to be well organised and straightforward to follow. Several noted the logical flow of these sections and that the layout of the guidance allowed readers to easily locate relevant content.

SSRO response

- 2.26 In addition to the suggestions incorporated and addressed under other questions, we have expanded Section 6: making more than one pricing amendment, to include more details on the order in which multiple amendments should be implemented and will add worked examples to the SSRO website to assist users with the process and sequence when they wish to make multiple pricing amendments.
- 2.27 The guidance on Alternative Pricing methods has been presented in order, as found in the Regulations. Novated contracts (Regulation 19D) and Agreed changes to the contract profit rate (Regulation 19F) will retain their distinct sections to maximise ease of reference and accessibility for all users. References to the Regulations cut-out boxes recognise that these methods are specifically covered by Paragraph 2A of the Schedule for those users wishing to reference them.

Question 6: Use of examples

Feedback on the opening sections

- 2.28 We sought feedback on the examples included in the guidance, including suggestions to improve their content and presentation. All respondents were highly supportive of the examples, feeling that they were helpful and enhanced the clarity of application in practical scenarios.
- 2.29 Several respondents suggested minor changes to examples to provide additional clarity and greater alignment to real-world scenarios. Many stakeholders requested additional worked examples to be included in the guidance.

SSRO response

- 2.30 We have incorporated many of the suggested changes while maintaining simple and accessible examples, recognising real-world scenarios can be more complex. We have expanded the number of examples, however, to ensure the main guidance remains as concise and accessible as possible, it is our intention to provide additional worked examples as standalone products on the SSRO website.
- 2.31 We have included new examples based on the feedback which cover:
- Price changes which are not pricing amendments (i.e. VOP clauses)
 - Handling multiple tasking orders as a single pricing amendment
 - Pricing previous assumptions and estimates when amending a contract
 - Amendment to a contract price which has used the previously agreed price method
 - Amendment to a contract that has applied the novated contract price method
 - Limits on amendments to contracts using the competed rates applied to uncompleted volumes (CRUV) method.

Question 7: References to legislation

Feedback on referencing

- 2.32 We sought feedback on the cross references to SSRO guidance and the Regulations in the full guidance document. We welcomed any views in relation to:
- Whether the guidance covers the key points from other SSRO guidance at the appropriate level of detail
 - How the clarity and accessibility can be improved for users of varying levels of experience
- 2.33 Some respondents suggested a more granular approach to the referencing of the Act and Regulations. Respondents also suggested that the “Legislation relevant to this section” cut out boxes could be moved to the beginning of each section for ease of use.

SSRO response

- 2.34 We include cut out boxes throughout the document to guide users to the parts of the legislation relevant to each section/sub-section and have moved them to the beginning of each section in response to respondents’ feedback. This aims to assist users who choose to reference the legislation, while providing text in concise, accessible language for those who do not. The guidance is a standalone product, for use without having to cross check with the Regulations in every instance, and we believe our current approach strikes the correct balance between the requirements of all users.

Question 8: Reporting requirements

Feedback on signposting to other areas of SSRO support

- 2.35 We sought feedback on section 7 (reporting requirements) and section 8 (getting help and resolving issues) of the draft guidance.
- 2.36 Feedback provided by respondents on section 7 and section 8 supported recognising the wider regime, the support offered by the SSRO and confirmed that this was helpful to include in pricing guidance. One respondent felt that cross referencing between section 7 and SSRO reporting guidance could be more specific.

SSRO response

- 2.37 We have reflected these comments by adding additional links and references to assist users in locating the appropriate areas of SSRO reporting guidance and are exploring the technical opportunities/limitations of providing more dynamic links across our guidance.

Question 9: Question and Answer section

Feedback on the pricing amendments Q&A

- 2.38 We sought feedback on the inclusion and clarity of questions and answers within the draft guidance. We welcomed suggestions for any further Q&A topics for inclusion.
- 2.39 All respondents were highly supportive of the Q&A section and saw it as a valuable enhancement to the applicability of the guidance. Several respondents suggested including a link in this section to the commonly asked questions (CAQ) on the SSRO website.

SSRO response

- 2.40 We will continue to expand the Q&A section during guidance updates. Answers published on the commonly asked questions (CAQ) section of the SSRO website will be incorporated into the main guidance or Q&A as appropriate and we will include a link in the CAQ to this guidance and its Q&A to assist users locate the most relevant and up-to-date SSRO guidance.

Question 10: Other feedback

- 2.41 We sought feedback on any other aspects of the guidance not covered in the questions posed in the consultation. This feedback, which in some instances covered broader aspects of contract amendments, not just the guidance, along with the SSRO's response, is summarised below.

Matters raised	SSRO Response
<p>SSRO guidance should avoid duplicating MOD assurance processes.</p>	<p>Guidance produced by the SSRO is provided for use by both the MOD and defence industry. Where further assistance is needed the SSRO provides several routes to additional support. SSRO support is impartial and independent from MOD internal guidance and support as it is from any internal or association support industry may provide its staff/members.</p> <p>The purpose of this guidance is to ensure that when parties to a QDC or QSC amend the price of their contract, they are aware of and can comply with, the relevant legal obligations under the Act and Regulations. It is not the SSRO's role to provide formal assurance in this regard, which the parties must do for themselves.</p>

Matters raised	SSRO Response
<p>The SSRO should consider training sessions to aid consistent understanding for the Ministry of Defence and industry suppliers</p>	<p>The SSRO will be providing a teach-in session on this topic later this year. This follows the first teach-in held for 2026 on qualifying sub-contracts. To ensure effective reach and utilisation of the guidance, repeat or targeted sessions are being considered.</p> <p>The SSRO also offers a comprehensive support service as set out in the guidance and onboarding sessions for industry and MOD teams, both separately or jointly, that can be requested to cover specific topics.</p>
<p>The guidance should clearly define what is and is not a contract pricing amendment for the purposes of the Regulations</p>	<p>We have expanded section 1: Introduction, to provide more detail on amendments that are not pricing amendments and, in Section 2: Pricing amendments common principles, added clarity to amendments that are pricing amendments and therefore in scope of the Schedule to the Regulations.</p>
<p>Industry respondents felt that componentisation requirements in the legislation are overly burdensome.</p>	<p>The SSRO will pass on this feedback to the MOD. We will be recommending to the MOD as part of our statutory duty to keep the Act and the Regulations under review that this is an area that would benefit from simplification.</p>
<p>The SSRO should have a formal follow up “request for comments” post-publication after the guidance has been in force for a period of time.</p>	<p>The SSRO is committed to regular updates of its guidance and welcomes comments and input at any time. With the SSCR Review currently taking place, additional guidance updates outside our regular timetable may be required and so we encourage stakeholders to continue to provide feedback on our guidance at any point. We have made this an agenda item for Operational Working Group (OWG) meetings in 2026.</p>
<p>The reporting and assurance requirements of a contract pricing amendment should be proportionate to the scale and impact of the amendment. SSRO guidance should define a material amendment and the thresholds that would trigger application of its guidance.</p>	<p>Reflective of the Regulations, our guidance applies to all pricing amendments regardless of materiality.</p> <p>However, compliance with the Regulations does not prevent parties agreeing to simplify their processes for pricing low value and simple amendments. The SSRO encourages a proportionate approach to pricing amendments.</p>

Matters raised	SSRO Response
<p>The document title could be changed to “contract amendments guidance on redetermination of the price of a QDC or QSC and creation of components”.</p>	<p>As the central focus of the guidance is pricing amendments, we have not expanded the title to include components. Whilst it is correct that pricing amendments can give rise to components, this guidance is not focused on the circumstances in which this occurs. We are hoping to develop specific guidance on components in the near future.</p>
<p>We received various drafting suggestions, including those relating to closer alignment with the wording in the Regulations</p>	<p>We have incorporated these suggestions to the extent that they improve clarity or correct errors. The purpose of the guidance is not to recite the legislation and we have not therefore chosen to mirror the exact wording in all cases, particularly where there may be a simpler alternative that conveys the same meaning.</p>
<p>Transparency in reporting was supported whilst emphasising the importance of protecting commercially sensitive data.</p>	<p>The SSRO ensures strict access and release control permissions are applied for each organisation (and users) within DefCARS to limit access to only the resources which are necessary and relevant to conduct their business functions.</p>

3. Conclusion

- 3.1 SSRO guidance on Contract Pricing Amendments v1.0 is published concurrently with this document and is effective immediately. It explains, and does not add to, existing legal requirements.
- 3.2 We will continue to keep our guidance under review, particularly in the event of amendments to the legislation. Subject to the Schedule to the Regulations remaining unchanged, there are no specific plans to further develop the guidance at this time outside of a periodic refresh of the Q&A as may be required.
- 3.3 We remain open to feedback on the guidance, and any further updates to guidance will be considered as part of our corporate planning process. In particular we would encourage stakeholders to share specific examples of their application of our guidance.
- 3.4 Finally, we would like to thank stakeholders for their feedback and input on the consultation and the guidance.