

PCD Commercial Cost Template survey consultation: Summary of what the DFID Supplier Network told us (and how we have responded)  
 Survey conducted March 2019/ Report produced September 2019.

What suppliers told us in relation to Cost Template VERSIONS 3.9 and earlier	Our response and (as appropriate) related enhancement incorporated within new Cost Template version 4.0	New Cost Template VERSION 4.0 references	How you can help (as applicable)
<p>General (non-tab specific)</p> <p>1. Too much manual entry needed, with insufficient use of formulae. The introduction of cell protection and pivots has been counter-productive.</p>	<p>We have now:</p> <ul style="list-style-type: none"> <li>maximised use of formulae throughout the template,</li> <li>removed cell protection and</li> <li>replaced pivots with SUMIFS formulae.</li> </ul>	<p><b>All tabs</b></p>	<p>With cell protection now removed, be alert to inadvertent formulae deletion or the need to copy formulae down when inserting new lines/columns. Too many occurrences of un-authorised changes in formulae will mean we will unfortunately need to revert to protecting the worksheets again.</p>
<p>2. More helpful if all tabs could mirror the programme year split of the summary tab.</p>	<p>We have implemented for all tabs where the tab input data lends itself to this format. For some tabs (e.g. 2.3 and 2.4 for staff-related data entry) this hasn't been possible as they are complex, with much detail needed for evaluation purposes.</p>	<p><b>Tabs 2.0, 2.1, 2.2, 2.5</b></p>	<p>Use the guidance notes in blue boxes at the top of each tab, in particular those that advise order of completion.</p>
<p>3. Frequent formula errors / version updates with no version control summaries identifying changes made.</p>	<p>Since the template's launch in 2017, there have been an unduly high number of version releases in response to initial supplier feedback and the frequency of these changes has given rise to higher error incidence. The latest template version 4.0 has been rigorously tested in-house and includes version control detail on the template's first tab. Future updates will be limited to a maximum of twice annually and will always contain version control detail.</p>	<p><b>All tabs</b></p>	<p>With fewer updates anticipated in the future, please be aware that template format changes (many of which have been introduced at the request of our supplier network) will by necessity be infrequent going forward.</p>
<p>4. Template asks for details that might not be known during the tendering phase.</p>	<p>Costing bids for tendering will always carry a certain degree of estimation and is why we ask for detail and rationale as appropriate. We need to rigorously evaluate bids as part of the competitive tendering process and as such, we only ask for details that are necessary for that process.</p>	<p><b>N/A</b></p>	<p>The template has been structured to adhere to OJEU tendering rules and DFID's approach to cost transparency.</p>
<p>5. Guidance not always clear. Having two separate guidance documents is unhelpful.</p>	<p>We have embedded all guidance formerly included in the Cost Template guidance document directly within the template itself. Blue boxes appear at the top of each tab giving advice and guidance on completion of each tab. The template also includes a general guidance tab (Tab 0.) providing additional (non-tab specific) guidance. This leaves just one separate guidance document (the Cost Eligibility guidance), which</p>	<p><b>All tabs</b></p>	<p>Read through the Cost Eligibility guidance before embarking on a new tender costing. The blue guidance boxes have been designed to be as informative as possible in</p>

	remains accessible via the external DFID website. This guidance document has been reviewed and slightly updated to include the two annexes formerly included with the now obsolete Cost Template guidance document.		a succinct way so that they provide effective headlines.
6. “Phasing of the budget is a nice idea, but on the whole irrelevant.”	Phasing allows us to see your estimated plan for delivery, aligned with milestone goals/stages.	<b>All tabs</b>	Whilst phasing is always going to involve an element of informed judgement based on experience it is nevertheless particularly helpful to DFID’s own cashflow planning and also when reviewing post-award programme progress with you to have full phasing and forecast information to hand.
7. It would be easier if there were Notes columns included in each tab, to allow for notes to be made on a specific row rather than altogether in the Notes box.	Notes boxes are intended to provide suppliers with the ability to include a range of clarifying narrative which may not relate to one specific budget line. Each tab already comprises several columns and another notes column could get lost so it is DFID’s preference to have one notes box, with suppliers providing a cell/row reference against each note made to highlight which area of the tab their note refers.	<b>All tabs</b>	Use either the row number or cell reference at the start of any note made in the notes box – to clarify what area of the tab the note relates to.
<b>Tab 1.0: Information</b>			
8. Why does Table 3 only provide for Lead organisation NPAC?	NPAC (Non-Programme Attributable Costs) is a specific DFID term for the approach that Lead Organisation should take for calculating their indirect overheads. Delivery Partners include their indirect overheads as part of their invoiced staff fees.	<b>Tab 1.0</b>	DFID expects Lead Organisations to apply the principles of full cost recovery downstream, by encouraging Delivery Partners to include overhead apportionment within their invoiced fee totals.
<b>Tab 2.0: Total Programme Cost</b>			
9. Contains budget lines that are often irrelevant. This tab is overly complicated and it is not helpful some data is keyed in directly whilst other entries are made via subsidiary tabs.	Tab 2.0 has been particularly simplified, allowing the supplier to provide appropriate detail on supporting tabs. The majority of tab 2.0 is now auto-completed via population of these supporting tabs. The columnar structure of programme years has been replicated elsewhere in the template (tabs 2.1, 2.2 and 2.5) to provide clarity.	<b>Tab 2.0</b>	A blue guidance box at the top of tab 2.0 shows the order in which this tab should be completed and where it is populated via completion of a subsidiary tab.
10. Need more country-specific local government tax guidance, including applicable	DFID does not provide country-specific local government tax guidance. This is a complex, specialist area, requiring a wide tax knowledge, regularly maintained, that is particular (by definition) to each country. So for purposes of understanding how local	<b>Tab 2.0</b>	Seek advice on tax law and provide a value for Local Government taxes row towards the foot of tab 2.0 based on this.

<p>existing agreements between British and local governments.</p>	<p>taxes affect programme delivery, organisations would need to seek in-country specialist tax advice themselves.</p>		
<p>11. Why are Monitoring &amp; Evaluation staff costs entered directly on this tab rather than included on the Programme Team tab?</p>	<p>We have now implemented this change and ask for Monitoring, Evaluation and Learning (M,E&amp;L) staff pay and travel costs to be included on tabs 2.3 and 2.4 respectively. For non-staff pay/travel M,E&amp;L costs, we have created a new separate tab 2.5. Each of the tabs 2.3, 2.4 and 2.5 auto-populate the summary tab 2.0.</p>	<p><b>Tabs 2.0, 2.3, 2.4, 2.5</b></p>	<p>As M,E&amp;L staff skills represent a technical expertise, the option to select M,E&amp;L is provided as one of the drop-down criteria contained within the Technical Discipline column on Programme Staff – Pay tab 2.3.</p>
<p>12. Profit, Fund and Tax lines no longer show a % - why is this?</p>	<p>We have re-introduced a % calculation for the Taxes line but not for either Profit or Fund. In the case of Profit, we want to see suppliers' rationale for calculating this, rather than show a %. Showing the % can have the effect of steering a bidder towards selecting a standard % rather than (as preferred) assessing the particular impact of a programme on its organisational fixed overhead base whilst also taking account of overhead already recovered on other DFID-funded programmes. For the Fund line, a % has little relevance or meaning.</p>	<p><b>Tab 2.0</b></p>	<p>Provide your rationale for Profit calculation in the Notes box.</p>
<p>13. It would be useful if the Profit total automatically equalled the value on tabs 2.4 (programme team) and 2.6 (fund management team).</p>	<p>The required approach to be followed is: calculate Profit on tab 2, then spread this Profit total across team members on Programme Staff-Pay tab 2.3 (which has now replaced former tabs 2.4 and 2.6). There are checkboxes on tab 2.3 to assist in double-checking that the Profit allocated across team members equals that shown on tab 2.0.</p>	<p><b>Tabs 2.0, 2.3</b></p>	<p>Adopt the recommended method and calculate Profit on tab 2.0, before determining how to allocate this total across team members in the most applicable way for your organisation.</p>
<p>Tab 2.1: Commodities/ Tab 2.2: Disbursements</p>			
<p>14. The Definitions annex in the guidance does not include a definition of 'Commodities', nor one for 'Disbursements'.</p>	<p>The former Commodities tab 2.1 and Disbursements tab 2.2 have now been combined into one new tab 2.1 named Programme Activities – Frontline Programme Delivery (FPD) in template version 4.0. In order to assist suppliers in future tender bid invitations, DFID contract officers will customise this tab with suggested cost headers appropriate to the particular programme activity being tendered for.</p>	<p><b>Tab 2.1</b></p>	<p>Look out for suggested cost headers appearing in this tab in future tenders using the latest v4.0 template. They will not be prescriptive or indeed exhaustive, but their intention will be to guide a bidder as to what costs are required to be recorded – judged more useful than providing a generic definition of 'Commodities' within the Definitions annex when these are costs that will vary from programme to programme.</p>

<p><b>Tab 2.3: Capital Expenditure</b></p>			
<p>15. This tab is logical and makes sense however clearer guidance on what constitutes a capital item and what doesn't should be included.</p>	<p>The new template version 4.0 Capital Expenditure tab 2.2 provides specific guidance in the blue boxes at the top of the tab.</p>	<p><b>Tab 2.2</b></p>	<p>Guidance has now been provided within the template and the blue boxes as well as General tab 0.</p>
<p>16. Please provide a definition for frontline and non-frontline capital costs.</p>	<p>A distinction between frontline and non-frontline capital expenditure is no longer required.</p>	<p><b>Tab 2.2</b></p>	<p>N/A</p>
<p><b>Tab 2.4: Programme Team</b></p>			
<p>17. Could M&amp;E staff costs be included with all other staff costs on this tab, rather than be separately entered on the summary?</p>	<p>The template version 4.0 Programme Staff-Pay tab 2.3 now includes all staff costs, including those having an M&amp;E and also Fund Management technical expertise.</p>	<p><b>Tab 2.3</b></p>	<p>N/A</p>
<p>18. Why has DFID removed the ability of the Lead Organisation to attribute its own overhead and profit on delivery partners' team members (ie in addition to that of the delivery partners)?</p>	<p>Lead Organisation NPAC and Profit should only be allocated against its own team members, to derive representative Gross Fee Rates for tender evaluation purposes. This allows bidders to demonstrate that the overheads they generate that are identified in relation to a particular programme result in representative Gross Fee Rates – ie confirming that the organisation can sustain its fixed overhead recovery through its activity base. Delivery partners include their own programme-specific overhead within their invoiced fee rates to the lead organisation.</p>	<p><b>Tab 2.3</b></p>	<p>Use the allocation process to self-check appropriateness of NPAC and Profit totals calculated by programme.</p>
<p>19. Partners do not always want to provide detail of their overhead/profit per (named) team member. This requirement is irrelevant and discriminatory - along with the publishing by DFID of differing fee rates per category.</p>	<p>Seeing the detail of a delivery partner's rate broken down into net, overhead, profit and gross ensures that staff employed to work for DFID are receiving a "fair" percentage of the rate paid to the supplier. It also ensures that DFID is receiving value for money e.g. if an individual received significantly less than the rate paid to the supplier then there is potential that the person is not of the "standard" expected resulting in poor quality output which could ultimately impact value for money. In addition, it enables DFID to ensure that the partner suppliers (especially based in country) are giving full transparency of how DFID's money is being spent.</p>	<p><b>Tab 2.3</b></p>	<p>Lead organisations should always seek detailed breakdown of invoiced rates from their delivery partners.</p>

<p>20. Why has DFID removed from the job title drop-down list the option to give an 'alternative job title'? Why can't we use our own job titles when completing this tab?</p>	<p>Whilst we still require suppliers to complete the mandatory Column C (Job Title) in the new template tab 2.3 (Programme Staff – Pay), we have now included an additional new Column D to enable optional entry of an Alternate Job Title.</p>	<p><b>Tab 2.3</b></p>	<p>Column C (Job Title) remains mandatory for tender evaluation purposes.</p>
<p>21. Having a drop-down list for the 4 stages of programme delivery (Design, Inception etc) means having to repeat staff names where staff are engaged in more than one stage.</p>	<p>We have now included 4 columns for each of the stages of Programme delivery to ensure that there is just one row for each named staff member.</p>	<p><b>Tab 2.3</b></p>	<p>N/A</p>
<p>22. International/regional/national - what is a regional staff position? This requirement is irrelevant and discriminatory.</p>	<p>International/Regional/National definitions are provided in annex 2 of the Cost Eligibility guidance under 'Expert Status'. DFID aims, through its aid funding, to develop economic and technical expertise within or close to countries receiving aid and geographical status descriptors enable it to gather intelligence on satisfactory achievement of this aim.</p>	<p><b>Tab 2.3</b></p>	<p>DFID is accountable to government for the propriety and regularity of its aid spend. To enable a full and transparent reporting, DFID therefore needs to gather sufficient information to support this. DFID will never ask for information unless there is a sound rationale for doing so. DFID abides in full by requirements of GDPR legislation.</p>
<p>23. Days per year – DFID's annual remuneration rate is budget at 260 days per year. Our organisation budgets annual salary at 220 days per year. As such, our daily rate will appear lower in the DFID template than our invoiced rate during implementation.</p>	<p>We have amended our annualised calculation base to 220 days per year. This is a notional calculation to give a ballpark sense of annualised salary based on day rates provided.</p>	<p><b>Tab 2.3</b></p>	<p>Be aware that the annual salary calculation is an annualised figure based on the daily fee rate. It is a notional figure designed to aid evaluation and does not form a part of the overall bid cost total.</p>
<p>24. What is DFID's definition of the Delivery partner net invoiced daily rate?</p>	<p>Analysis is provided within a comment box on the Programme Staff-Pay tab 2.3.</p>	<p><b>Tab 2.3</b></p>	<p>Many guidance tips have now been incorporated within the cost template itself.</p>

<p>25. Further guidance is required on the difference between a national and a local member of staff.</p>	<p>The definitions used for Expert Status in Cost Eligibility guidance Annex 2, provide an explanation of International/National/Regional. The 'Local' descriptor option has been removed.</p>	<p><b>Cost Eligibility – Annex 2</b></p>	<p>N/A</p>
<p><b>Tab 2.5: Travel</b></p>			
<p>26. Some countries and regions are not included. It is not possible to provide different rates for capital city and upcountry (although this would be useful), which can be substantially different. There should not be a requirement to specify arrival/departure airport.</p>	<p>An 'Other' option has now been added to the drop-down list in these instances, with the requirement that details (including supporting information such differential between capital cities v upcountry) be included in the Notes box at the foot of the tab. Arrival/departure airports are required for cost evaluation purposes as we link team member base location with travel demands. As with any budget figure, best estimates are expected.</p>	<p><b>Tab 2.4</b></p>	<p>Drop-down lists have been constructed to be as complete as possible. An 'other' option is included if named place/title etc does not appear, in which case, the Notes box should always be used to provide supporting detail.</p>
<p>27. There is no provision for train fares. It would be best to remove the drop-down options completely, in favour of free text, as they can never be expected to cover all possibilities.</p>	<p>The drop-down list has been reviewed and extended to cover all anticipated modes of transport.</p>	<p><b>Tab 2.4</b></p>	<p>N/A</p>
<p>28. Why do we now have to justify every quantity in the notes box? Previous templates did not require this. It increases the time required to complete the template and seems unnecessary for the majority of entries.</p>	<p>The request for both 'quantity/number' and 'unit cost' to be specified enables DFID to gain transparent understanding of the total sum derived from the multiplication of one with the other.</p>	<p><b>Tab 2.4</b></p>	<p>N/A</p>
<p><b>Tab 2.6: Fund Management Team</b></p>			
<p>29. Why is there a tab for fund management team when all fees are in the programme team tab? Why can we not</p>	<p>The latest template version 4.0 now just has one tab 2.3 for all staff pay costs (and tab 2.4 for staff travel costs). Fund management may be identified on tab 2.3 from a drop-down option on the Technical Expertise column.</p>	<p><b>Tab 2.3</b></p>	<p>N/A</p>

have a job family called 'fund management' instead?				
<b>Tab 3.0: NPAC</b>				
30. The NPAC calculation could be simplified. This is currently difficult to calculate and challenging to explain.	Additional guidance has been provided on the tab itself. We will always take on board comments and improve where we can, but here we are striving to enable bidders to include sufficient fixed overhead within their total cost claims, which by its very nature does not flex directly with activity. This tab needs to provide bidders with a reasonable methodology to calculate sufficient programme-specific overhead in a manner that is not too prescriptive to allow for completion by a wide range of organisations.	<b>Tab 3.0</b>	Be aware that the template has been constructed to allow for fair and equitable completion across a wide range of supplier organisations.	
31. NPAC Table 2 treats a staff member involved in a programme for a short input, e.g. 10 days, the same as a staff member involved for a longer period, e.g. 100 days, whereas the cost implications would not actually be the same.	Staff should be recorded in <b>full time equivalent (FTE)</b> terms, to take account of short-term or part-time involvement.	<b>Tab 3.0</b>	The cost driver methodology suggestions provided in Annex 1 of the Cost Eligibility guidance are intended to provide a range of solutions from which a bidder can select the most appropriate for them. Whilst the staff number cost driver is popular, it may not always be the easiest to use where staff are largely fractional.	
32. Further clarity could be useful on how NPAC will be reviewed and updated on a recurrent (annual?) basis during contract implementation.	NPAC, being non-programme attributable costs (or fixed overhead), means that it will not generally flex in accordance with programme activity as a direct cost or variable overhead would. NPAC is profiled at the outset by the bidder in an approximate way.	<b>Tab 3.0</b>	N/A.	
33. Why is Inflation no longer allowed as part of the calculation?	Inflation is not included because the NPAC calculation already makes provision for increase in line with cost driver increase from taking on the programme.	<b>Tab 3.0</b>	N/A	
34. Directors costs and percentage of time is difficult to estimate and may not be of any use for our organisation.	The latest version enables selection of an appropriate cost driver.	<b>Tab 3.0</b>	N/A	

<p>35. Please confirm if partner costs need to calculate their overheads by a similar NPAC calculation and if so, whether this needs to be submitted at the same time.</p>	<p>DFID expects lead organisations to ensure partners apply the budget template's methodology and eligibility criteria for calculating NPAC costs.</p>	<p><b>Tab 3.0</b></p>	<p>Send delivery partners DFID guidance on calculating NPAC.</p>
<p>36. Could DFID confirm what "Type of NPAC" and "Methodology for sharing NPAC" cells could/ should contain.</p>	<p>'Type of NPAC' refers to the name of the overhead cost category used by each supplier (eg Administrative/Governance/Establishment expenses). 'Methodology for sharing NPAC' relates to the most appropriate cost driver used to allocate an approximate amount of overhead to the programme, eg based on staff numbers or premises area, or programme spend etc. Guidance has been provided on this tab itself (as well as in the Cost Eligibility guidance) for clarity.</p>	<p><b>Tab 3.0</b></p>	<p>N/A</p>
<p>37. I would question whether trying to apply an NPAC approach to a broad range of commercial contracting types, across a wide range or organisation types/sizes, is relevant. If the focus was instead on best total price for best overall impact (Most Economically Advantageous Tender), the level of detail and the costs of completing templates and monitoring against them would greatly reduce.</p>	<p>DFID requires bidders to provide absolute transparency on their cost bids in order to evaluate whether the bidder can fully deliver the programme's aims and the provision of one total cost would not provide sufficient detail. Transparency entails provision of detailed direct costs together with a rationale for adding both overhead costs and a profit/surplus element to the bid, that will assist a bidder's future sustainability through contribution to overheads and future investment.</p>	<p><b>Tab 3.0</b></p>	<p>The Cost Template has been carefully devised as a fair, transparent and equitable means of considering tender bid submissions and successful bids will need to adhere to the tender guidance provided.</p>
<p><b>Tab 4.0: Payment</b></p>			
<p>38. It would be useful if guidance was issued explaining the rationale for, and offering instructions on how to, divide payment values across net, NPAC and profit.</p>	<p>This tab has been re-worked and full guidance provided. DFID will now complete the initial columns setting milestones that are appropriate for each tender, asking bidders to place Net/NPAC/Profit values on each that will assist post-commencement programme monitoring.</p>	<p><b>Tab 4.0</b></p>	<p>Fully evaluate and retain working calculations for figures entered in Net/NPAC/profit columns as, if successful in the bid, this tab will provide the mechanism by which annual financial performance will be monitored/funded.</p>



<p>39. The payment tab is conducive for contract types that have a deliverable and output schedule with a fixed payment value tied to deliverables and outputs. For contract types based on reimbursement of actual expenses incurred rather than a fixed value tied to a deliverable or output, DFID should clarify in ITTs that this tab does not need to be completed.</p>	<p>The tab has been re-worked so that the DFID contract officer will populate milestone narrative that are appropriate to the tender.</p>	<p><b>Tab 4.0</b></p>	<p>N/A</p>
<p>Variance Tab</p>			
<p>40. Whilst the template provides useful detail at procurement stage, it (the Variance tab) is less useful for post-award monitoring.</p>	<p>The Payment Profiling tab 4.0 has now been re-worked to act not only as the initial method of setting forecast funding profiles in accordance with programme-specific milestones, but also (if the bid is successful) as the means by which post-commencement monitoring will be managed.</p>	<p><b>No tab</b></p>	<p>N/A</p>