

SSRO

Single Source
Regulations Office

Glossary of terms used in report templates

Rate comparison report

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Glossary of terms

1. Rates comparison report

This glossary of terms is provided as a guide to assist contractors filling out the required reports for a qualifying defence contract or qualifying sub-contract. It is not intended to be a substitute for legal definitions and, where applicable, references to the Defence Reform Act 2014 (“DRA 2014”) and the Single Source Contract Regulations 2014 (“SSCR 2014”) are provided.

Term	Acronym	Definition
Actual rate		This is a cost recovery rate based on actual costs as agreed by Secretary of State and the contractor. (See cost recovery rate)
Contracted rate for pricing		This is the recovery rate that the parties have agreed will be used to price a particular contract. Depending on the pricing method this rate may be an estimate made at the time of pricing or an actual determined after contract completion. For target pricing, the rate used to set the target cost should be used.
Contracted volume for pricing		This is the recovery base volume that the parties have agreed will be used to price a particular contract. Depending on the pricing method this volume may be an estimate made at the time of pricing or an actual determined after contract completion. For target pricing, the volume used to set the target cost should be used.
Cost plus pricing		Under this pricing method, the allowable costs are the actual allowable costs determined during the contract or after the contract completion date. reg.10(6), SSCR 2014
Cost recovery base		This is a unit of measure to which a cost recovery rate is applied in order to calculate a cost under a contract. reg.2(1), SSCR 2014
Cost recovery rate		This is a rate calculated for a business unit that is used to determine a cost payable under a contract, being the rate per unit of a cost recovery base that is multiplied by the quantum of that cost recovery base to determine the cost. reg.2(1), SSCR 2014
Designated person		This refers to a person (supplier) that is party to one or more qualifying defence contracts (QDCs). Where that person is associated with one or more other persons the designated person is the ultimate parent undertaking of those persons. s.25(3), DRA 2014; reg.32(6)(b), SSCR 2014
Estimate based fee pricing		Estimate-based fee pricing is one of the six regulated pricing methods permitted under the DRA 2014. Under estimate-based fee pricing, estimated allowable costs are multiplied by the contract profit rate to calculate a fixed profit ('fee') at the time the contract is placed. Actual allowable costs incurred on the contract are then reimbursed under the terms of the contract. reg.10(7) & (8), SSCR 2014
Firm pricing		Under this pricing method, the allowable costs are the allowable costs as estimated at the time of agreement. reg.10(4), SSCR 2014
Fixed pricing		Under this pricing method, the allowable costs are the allowable costs as estimated at the time of agreement and adjusted in accordance with changes in specified indices or rates between the time of agreement and a specified time.

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		reg.10(5), SSCR 2014
Parent company		See ultimate parent undertaking.
Pricing qualifying business unit		A Pricing QBU is a QBU for which cost recovery rates are calculated and used for pricing group qualifying defence contracts or qualifying sub-contracts. reg.32(6)(d), SSCR 2014
Primary contractor		This is a person from whom the Secretary of State procures goods, works or services for defence purposes. s.14(2)(a), DRA 2014
Qualifying business unit	QBU	The full legal definition of a QBU is set out in Regulation 32. In summary a QBU is either a unit, undertaking or group of undertakings (associated with the designated person) which in the period provides at least £10m for the purposes of any group qualifying defence contracts or qualifying sub-contracts and for which separate financial accounting statements are produced. reg.32, SSCR 2014
Qualifying defence contract	QDC	This is a contract made by the Secretary of State for goods, works or services for defence purposes from a 'primary contractor'. The award of the contract is not the result of a competitive process and the value of the contract is: - If entered into before 31 March 2015 >= £500m - If entered into on or after 31 March 2015 >= £5m s.14(2) DRA 2014; reg.6, SSCR 2014
Qualifying sub-contract	QSC	This is a contract between a primary contractor and another person which involves the provision by the other person of anything for the purposes of a qualifying defence contract to which the primary contractor is party or contracts which are sub-contracts to such sub-contracts. The subcontract is not the result of a competitive process and the contract is above the value required by the regulations (currently £25m). The contract must also meet any other requirements specified by the regulations. s.28, DRA 2014; reg.58, SSCR 2014
Recovery base units		See cost recovery base above.
Relevant financial year		This means the Government fiscal year ended 31 March. reg.31(1)(b), SSCR 2014
Single Source Contract Regulations 2014	SSCRs	The Single Source Contract Regulations 2014 (SSCR) are secondary legislation provided for under Part 2 ('Single Source Contracts') of the DRA 2014. Collectively the DRA 2014 and the SSCR 2014 represent the legislation that governs the Single Source procurement framework.
Single Source Regulations Office	SSRO	The Single Source Regulations Office (SSRO) is the regulator of the new single source procurement framework. It is an independent arms-length body, whose aim is to ensure that good value for money is obtained for the UK taxpayer in Ministry of Defence expenditure on qualifying defence contracts, and that single source contractors are paid a fair and reasonable price under those contracts.
Target pricing	TCIF	Under this pricing method, the allowable costs are the allowable costs as estimated at the time of agreement. reg.10(11) & (12), SSCR 2014
Ultimate parent undertaking		An "ultimate parent undertaking" is a parent undertaking that is not a subsidiary undertaking in relation to another undertaking.

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		<p>“Parent undertaking” and “subsidiary undertaking” have the meanings given by section 1162 of the Companies Act 2006.</p> <p>s.25(9), DRA 2014</p>
Unique identifying number	UID	This refers to the unique identifying number in relation to contract references for both the supplier and MOD.
Unit		A unit in relation to a recovery rate is the unit of measure of the recovery base used for that rate e.g. labour hour, material cost
Volume driven pricing		<p>Under this pricing method the allowable costs are the allowable costs per unit of volume multiplied by the actual volume of output of the contract.</p> <p>The allowable costs must be estimated at the time of agreement and may be adjusted in accordance with changes in specified indices or rates between the time of agreement and a specified time.</p> <p>reg.10(9) & (10), SSCR 2014</p>

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