

SSRO

Single Source
Regulations Office

User Guide for Contract Pricing Statement

Introduction

1. Introduction

- 1.1 This document is issued by the Single Source Regulations Office (SSRO) and sets out guidance to assist contractors with statutory reporting requirements for qualifying defence contracts and qualifying sub-contracts.
- 1.2 Statutory reporting requirements are set out in the Defence Reform Act 2014 (the “Act”) and the Single Source Contract Regulations 2014 (the “Regulations”).
- 1.3 Regulation 23(1) requires a contract pricing statement be provided for the qualifying defence contract within one month of the initial reporting date, as defined in Regulation 22(10)(c).

2. Reporting Timeline

- 2.1 The contract pricing statement must be provided within a month of the initial reporting date.

3. General Guidance for completing report templates

- 3.1 Ensure macros are enabled within Excel for use of the reporting templates¹
- 3.2 On each worksheet [HOME](#) will redirect you to the home worksheet.
- 3.3 The home worksheet contains contents of requirements of the reporting template and links to each worksheet within the spreadsheet.
- 3.4 If applicable, the “View all worksheets” cell on the home tab will contain a list of all reports that can be completed from that template. Select the appropriate report for the drop down list.
- 3.5 On each tab you will find:

Grey cells	Contain headings
Blue cells	Contain section headings
White cells	Contain instructions on the information required
Yellow cells	Are data entry cells and are the only cells into which you input data Select correct option, or input numbers, or monetary amounts (£).
Orange cells	Contain help, definitions or notes
Green cells	Indicate when a cell has been completed and passed validation test

- 3.6 The content of each cell will be in the following format:

(1) Choice List – Select the appropriate answer from the drop down list

¹ <https://support.office.com/en-au/article/Enable-or-disable-macros-in-Office-documents-7b4fdd2e-174f-47e2-9611-9efe4f860b12?CorrelationId=2a985251-830b-49db-8389-a112e9b34a14&ui=en-US&rs=en-AU&ad=AU#bm2>

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- (2) Free text – text/numbers
 - (3) Date – Follow the date format specified
 - (4) Number – Provide the number of decimal places specified.
- 3.7 Each worksheet has a sequential number. Where possible, complete worksheets in the prescribed order, with the exception of 01.02 under Report Submission Admin. Some worksheets will drive calculations in subsequent sheets. This guidance follows the order contained within the templates and as specified in the regulations.
- 3.8 **All financial information to be provided in GBP millions unless stated otherwise.**
- 3.9 Complete all required information on the template before submission
- 3.10 Where references have been given to cells in the reporting templates, those references will be used in the user guide.
- 3.11 If you encounter any problems or have any questions regarding the report templates or user guides, contact helpdesk@singlesourceregulationsoffice.gov.uk (not yet set up).

01 - Report Submission Admin

This worksheet shows basic information for the contract, including dates, individuals, and other general information or comments relevant to the contract pricing statement, as required under Regulation (22).

01.01 - Dates

- 01.01 As prompted, fill in the box stating the date the report is required. Input the date in the format dd/mm/yyyy. Insert any comments relating to the reporting date in the free text comments box.
- 01.02 Before submitting the report fill in the box stating the date the report was submitted to MOD and SSRO. If you have any comments relating to the submission date input them in the free text comments box.

01.02 - Individuals

- 02.01 Insert the name, position, phone number and email address of the individual submitting the report.
- 02.02 Also include contact details for the individual to be notified if there are any compliance issues with the submitted report. Include, name, position, phone number and email address for the individual.
- 02.03 Enter the name of the civil servant who is responsible for managing the contract on behalf of the Secretary of State.

01.03 - Other

- 03.01 Any other comments relating to the report and not already mentioned in the dates section must be inserted in the comments text box.

01.04 - General Guidance on template completion

- 04.01 This section provides you with contact details for SSRO in case you have any issues completing the report template.

02 – Supplier

Under Regulation 22(3) it is a requirement for a contract pricing statement submitted by a contractor which is a registered company to contain certain information on the contracting company. The necessary information has been included in the report template and is detailed below.

02 – Contracting Company – Basic Reference Date

- 02.01 As prompted, include the registered name of the company.
- 02.02 Include the company number of the contractor.
- 02.03 Include the trading name of the company if that is different from the registered name.
- 02.04 Input the registered address – start with name/number & Street/Road
- 02.05 Include town/city of the company's registered address.
- 02.06 Include the county/region of the company's registered address.
- 02.07 Include the country of the company's registered address.
- 02.08 Include the post code or zip code of the company's registered address.
- 02.09 Indicate whether the company is a SME by choosing SME / not SME from the drop down.
- 02.10 Include the date of the last day of the most recently completed financial year for the company. This date must be expressed in the format dd/mm/yy. This is additional to requirements under the Regulations.
- 02.11 State the registered name of any immediate parent undertaking of the company.
- 02.12 State the registered company number of the immediate parent undertaking of the company.
- 02.13 Include the registered address of the immediate parent company.
- 02.14 Include any additional immediate parent companies' name, registration number and address in the lines provided.
- 02.20 Provide any other relevant information relating to the information included above.

03 – Contracts

Regulations 22(2)(d) – (l) require that all reports under Part 5 of the Regulations contain information on the contract, including the regulated pricing method(s) used, and any business unit in relation to which a cost recovery rate has been used in determining the price payable under the contract.

01 - Basic Parameters

- 01.01 Enter the contract title in the value box and make sure it aligns with the title on face of the contract document.
- 01.02 Provide a brief description of the goods, works or services that are to be provided under the contract.

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- 01.03 Enter the unique identifying number you have allocated to the contract.
- 01.04 Enter the unique identifying number allocated to the contract by the Secretary of State.
- 01.05 Input the date on which the contract was entered into.
- 01.06 Enter the contract completion date or, if that date is not known, the expected contract completion date.
- 01.07 Enter the date of the most recent amendment which affects the price payable under the contract, if applicable.
- 01.08 Enter the identifying number you have allocated to the amendment.
- 01.09 Enter the identifying number the MOD has allocated to the amendment.

02 – Pricing Analysis – Currencies and Commercial Constructs

In line with Regulation 22(2)(k) provide the regulated pricing method or methods used in determining the price payable under the contract, and the amount of the price resulting from each method (if known).

- 02.01 Input the price breakdown in millions to three decimal places resulting from each regulated pricing method. Use the appropriate contract currency for each pricing method.

03 – Business Unit Involvement

- 03.01 Include any business unit in relation to which a cost recovery rate has been used in determining the price payable under the contract. Include the name of each business unit in the value section.

04 – Obligations

As set out in the Regulations 23(2) (a) – (c) the contract pricing statement must:

- 1) set out any allowable costs and the contract profit rate used to determine the contract price;
- 2) set out the date and version of any statutory guidance made under section 18(1) or 20(1) in force at the time of agreement; and
- 3) describe any known deviation from that statutory guidance made in determining the contract price;

In this section you must confirm the amounts represented by total allowable cost (including any risk contingency allowance), the contract profit rate as a percentage of the total allowable cost (including any amount specified as “incentive adjustment”). Make sure you refer back to the version reference and publication date of the statutory guidance in force at time of the agreement.

Refer to the statutory guidance on allowable costs for more information on determining allowable cost.

Any known deviation from the statutory guidance in determining the contract price has to be stated in the comments section.

05 – Profit

As stated in Regulation 23(2)(d) this section has to describe the calculation made under Regulation 11 to determine the contract profit rate, including all adjustments that were made under steps 1 to 6.

05 – Step 1 Insert the baseline profit rate in force at the time of the agreement. In the “Relevant Comments” section confirm the date it was published in the London Gazette by the Secretary of State.

05 – Step 2 Insert the % of the cost risk adjustment as agreed. Refer to the “Guidance on Calculation CPR – Cost Risk Adjustment” for more detail when determining the cost risk adjustment under qualifying defence contracts and qualifying sub-contracts.

State the name of the supporting file in the “Supporting File Name” column. Include the version reference and date stamp for the most recent version in the cells provided. Confirm that the file is provided with the report by choosing yes/no from the drop-down.

Enter relevant comments or caveats, and/or any further clarification in the field provided.

05 – Step 3 Insert the value of the profit on cost once (POCO) adjustment as defined in Regulation 11(4). The POCO adjustment only applies to a qualifying defence contract if, at the time of the agreement, the primary contractor is party to, or proposes to enter into, a group sub-contract. Refer to the guidance on “Calculating the Contract Profit Rate - Profit on Cost Once Adjustment” for more detail on calculating the POCO adjustment.

State the name of the supporting file in the “Supporting File Name” column. Include the version reference and date stamp for the most recent version in the cells provided. Confirm that the file is provided with the report by choosing yes/no from the drop-down.

Enter relevant comments or caveats, and/or any further clarification in the field provided.

05 – Step 4 Enter the Single Source Regulations Office funding adjustment in force at time of the agreement. In the “Relevant Comments” section confirm the date it was published in the London Gazette by the Secretary of State.

05 – Step 5 Input the agreed incentive adjustment as specified by the Secretary of State. Regulation 11(6) stipulates that the incentive adjustment must not exceed 2% of the amount resulting from step 4. Refer to the “Guidance on Calculating the Contract Profit Rate - Incentive Adjustment” on determining what circumstances warrant an incentive adjustment and to what extent an adjustment up to 2% can be made.

State the name of the supporting file in the “Supporting File Name” column. Include the version reference and date stamp for the most recent version in the cells provided. Confirm that the file is provided with the report by choosing yes/no from the drop-down.

Enter relevant comments or caveats, and/or any further clarification in the field provided.

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05 – Step 6 Insert the capital service adjustment. For the capital servicing rates in force at the time of the agreement refer to the rate published in the London Gazette. Refer to the “Guidance on Calculating the Contract Profit Rate – Capital Service Allowance” for detail on determining the allowance.

State the name of the supporting file in the “Supporting File Name” column. Include the version reference and date stamp for the most recent version in the cells provided. Confirm that the file is provided with the report by choosing yes/no from the drop-down.

Enter relevant comments or caveats, and/or any further clarification in the field provided.

The contract profit rate will automatically calculated as sum of the above 6 entries. Ensure that the rate presented in the cell is exactly the final rate used to price the contract.

06 – Assumptions

Regulation 23(2)(e) stipulates that contractors must describe:

- 1) the contractor’s facts, assumptions and calculations relevant to each element of the allowable costs (including those relevant to any risk or contingency included in the allowable costs); and
- 2) any facts or assumptions provided by the Secretary of State and used by the contractor in those calculations.

Regulation 23(f) asks for all information materially relevant to the contract price for any qualifying defence contract. The MOD and SSRO will use the information to understand how the price has been calculated, to satisfy themselves that the law has been followed, and that due regard has been given to the statutory guidance. In case of a dispute about the contract price this section will be used to understand the underlying assumptions.

The report asks for four information categories to be included in the contract pricing statement, which have to meet all six “Fitness for Purpose” criteria. In completing the contract pricing statement, the contractor must ensure that all six are met for all four main categories of information.

The information required to meet the common criteria for the information can either be provide in supporting documentation or by recording the details of specific individual assumptions or calculations tabs 07-10. If supporting documents are provided, include information on them in section 06.03.

Information Categories:

- Allowable Costs (excluding Risk) - Input Assumptions. Examples include:
An MDAL (Master Data Assumptions Log), a jointly-owned or contractor-developed cost / price model, detailed engineering cost models, make/buy plans.
- Allowable Costs (excluding Risk) – Calculations. Examples include:
A jointly-owned or contractor-developed cost / price model, detailed engineering cost models, specifications of those models, independent audit reports of those models.
- Risk & Contingency Allowance - Input Assumptions. Examples include:
A risk register, supplemented where necessary with the numerical inputs to the risk modelling calculations.

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- Risk & Contingency Allowance – Calculations. Examples include:
A jointly-owned or contractor-developed risk model, a specifications of that model, an independent audit reports of that model.

Common “Fitness for Purpose” Criteria:

- Relevant to the Final Price
In submitting the contract pricing statement and supporting information, the contractor must ensure that the assumptions shared are the final version that were used in the calculation of the final price, and that only assumptions that actually affected the final price are included in cross references. This is to avoid problems with version control and to reduce the potential confusion that could arise if models that are shared contain a lot of redundant functionality or inputs.
- Complete Coverage of the Price
In submitting the contract pricing statement and supporting information, the contractor must ensure that sufficient information is shared to meet the other 5 criteria across every part of the cost build up. This is likely to include hours of every different type of labour, all recovery rates, all materials and all subcontracts. The contract pricing statement will not be fit for purposes in allowing MOD and SSRO to meet the objectives detailed above if parts of the total cost or price are not explained.
- Consistent Cost Breakdown Categories
In submitting the contract pricing statement and supporting information, the contractor must ensure that assumptions are presented and explained using a set of cost breakdown categories consistent with that used by the supplier to build their own estimate of the total allowable costs underpinning the contract price. If the contractor estimates total materials cost from separate assumptions for 50 different material types, it would be unacceptable to share just the resulting total as an assumption.
- Consistent Type / Level of Assumption Detail
In submitting the contract pricing statement and supporting information, the contractor must ensure that the types of assumptions shared for different elements of allowable cost reflect the way that they actually calculated the estimate of that cost in the price build up. If the cost of the 50 materials was estimated from 50 unit costs and 50 volumes (derived in engineering models), then all is to be shared, not just the 50 resulting costs.
- Clarity
In submitting the contract pricing statement and supporting information, the contractor must ensure that any assumptions presented in supporting documents are clearly and concisely laid out, easy to find and understand, well labelled and explained where necessary. It is unhelpful and time consuming if important information, though clearly included, has to be searched for when buried deep into poorly laid out documents or spreadsheets.
- Non Supplier Sourced
In submitting the contract pricing statement and supporting information, the contractor must ensure that any assumptions which are not their own - but were instead provided by MOD - are clearly flagged. MOD assumptions must always be backed with key information like the date, the provider, any audit trail. Any assumption not provided by MOD will be deemed to be the contractor's own assumption, wherever it happened to be sourced from originally.

Audit Trail of Supporting Material shared with this Contract Pricing Statement

Input information relating to your attached supporting documents in this section.

- 1) Choose the information category from the drop-down menu.
- 2) Enter the filename of the attached supporting documentation.

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- 3) Enter the version reference of the attached supporting document, make sure the final version of the document is attached.
- 4) Insert the date stamp for the latest version of the document.
- 5) Provide a description of the contents of the attached supporting document.
- 6) Insert any other supporting relevant comments relating to the attached document.

07 – Allowable Costs (excluding Risk) – Input Assumptions

This section can be used for further information not included in any of the supporting documentation cross referenced in the audit trail in part 03 of worksheet “06_AssumptionsMain”,

- 1) Enter the description of your assumption regarding allowable costs (excluding risk).
- 2) If your assumption is numerical, insert the value in the “value if number” section.
- 3) Specify the relevant units.
- 4) Provide an explanation of your assumption’s source and a justification of its use.
- 5) Add any other relevant comments.

08 – Allowable Costs (excluding Risk) – Calculations

This section can be used for further information not included in any of the supporting documentation cross referenced in the audit trail in part 03 of tab “06_AssumptionsMain”,

- 1) Enter the purpose of the calculation and the output derived from your allowable costs (excluding risk) calculation.
- 2) Provide a description of the calculation, including inputs required and assumptions relied upon.
- 3) Add any other relevant comments.

09 – Risk Assumptions

This section can be used for further information not included in any of the supporting documentation cross referenced in the audit trail in part 03 of tab “06_AssumptionsMain”,

- 1) Enter the description of your risk assumption.
- 2) If your assumption is numerical, insert the value in the “value if number” section.
- 3) Specify the relevant units.
- 4) Provide an explanation of your assumption’s source and a justification of its use.
- 5) Add any other relevant comments.

10 – Risk Calculations

This section can be used for further information not included in any of the supporting documentation cross referenced in the audit trail in part 03 of tab “06_AssumptionsMain”,

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- 1) Enter the purpose of the calculation and the output derived from your risk calculation.
- 2) Provide a description of the calculation, including inputs required and assumptions relied upon.
- 3) Add any other relevant comments.

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