

SSRO

Single Source
Regulations Office

Glossary of terms used in report templates

Estimated rates agreement pricing statement

DRAFT

Glossary of terms

1. Estimated rates agreement pricing statement

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
Allowable costs		The costs included in the pricing of a qualifying defence contract or qualifying sub-contract as set out in Section 15 of the DRA 2014. Such costs must meet the criteria of being 'appropriate', 'attributable to the contract' and 'reasonable in the circumstances'. For further information please refer to statutory guidance on allowable costs. s.20, DRA 2014
Assumption(s)		An assumption in the context of the estimated rates agreement pricing statement is the basis upon which a decision regarding rates has been made. This assumption could take the form of a predicted basis of through-put or other such item, or indeed a fact.
Cost recovery base		Is the 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		Is the rate calculated for a business unit that is used to determine a cost payable under a contract, being the cost per unit of a cost recovery base that is then 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). However 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
Indices and rates		Indices are statistical composites that measure changes in the economy or in financial markets, often expressed in percentage changes from a base year or from the previous month. Indices measure the ups and downs of stock, bond, and some commodities markets, in terms of market prices and weighting of companies in the index. Rates are often expressed as percentages and are indicators of growth in a number of financial contexts, e.g. interest rate or inflation rates.
Material / materially		Items are material if they could individually or collectively influence the economic decisions that users make on the basis of the reports. The size or nature of the item, or a combination of both, could be the determining factors in deciding if an item is material. IFRS Blue Book 2013, Part A, Glossary of Terms
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.

Glossary of terms used in report templates – Estimated rates agreement pricing statement

		s.14(2)(a), DRA 2014
Qualifying business unit	QBU	<p>The full legal definition of a QBU is set out in Regulation 32.</p> <p>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 QDCs or QSCs and for which separate financial accounting statements are produced.</p> <p>reg.32, SSCR 2014</p>
Qualifying defence contract	QDC	<p>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:</p> <ul style="list-style-type: none"> - If entered into before 31MAR15 >= £500m - If entered into on or after 31MAR15 >= £5m <p>s.14 (2) DRA 2014; reg.6, SSCR 2014.</p>
Qualifying sub-contract	QSC	<p>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.</p> <p>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.</p> <p>s.28, DRA 2014; reg. 58, SSCR 2014</p>
Relevant accounting period		<p>A relevant accounting period is any accounting period of a QBU that ends in a relevant financial year.</p> <p>reg.32(6)(e), SSCR 2014</p>
Relevant financial year		<p>This means the Government fiscal year ended 31 March.</p> <p>reg.31(1)(b), SSCR 2014</p>
Single Source Contract Regulations 2014	SSCRs	<p>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.</p>
Single Source Regulations Office	SSRO	<p>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.</p>
Staff head count		<p>This means the number of employees within an organisation. In the context of the ERAPS report this will be the forecast number of employees upon which any rates have been estimated.</p>
Ultimate parent undertaking		<p>An “ultimate parent undertaking” is a parent undertaking that is not a subsidiary undertaking in relation to another undertaking.</p> <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>