SSRO
Single Source Regulations Office
Assuring value, building confidence

User guide for contract pricing statement

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Contents

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'). We are providing this guidance for the purposes of Regulation 22(9) of the Regulations.

1.3   Regulation 23(1) requires a contract pricing statement (CPS) be provided for the qualifying defence contract within one month of the initial reporting date, as defined in Regulation 22(10)(c). The purpose of the CPS is to:

   a) set out any Allowable Costs and the contract profit rate used to determine the contract price;

   b) 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;

   c) describe any known deviation from the statutory guidance, in force at the time of agreement to the contract, made in determining the contract price;

   d) describe the calculation that was made to determine the contract profit rate, including all adjustments made under steps 1-6;

   e) describe the contractor's facts, assumptions and calculations relevant to each element of Allowable Costs (including any risk related or contingency costs); and

   f) describe any other information material to the pricing of the contract.

1.4   All reports are disclosed as OFFICIAL – SENSITIVE – COMMERCIAL. The disclosure of protected information included in this report in circumstances not permitted by Schedule 5 of the Defence Reform Act 2014 is a **CRIMINAL OFFENCE**.

2 Reporting timeline

2.1 The contract pricing statement must be provided within a month of the initial reporting date. The initial reporting date is the date the contract was entered into (time of agreement not contract signature date if this date is different) or the date the contract was amended (if the contract becomes a QDC by amendment). Information needs to be 'as at' the initial reporting date unless the Regulations require information at a different date (e.g. the end of the quarter for quarterly reports).

3 General guidance for completing report templates

3.1 When completing the spreadsheet, contractors should comply with the guidance set out below. Contractors should ensure macros are enabled within Excel for use of the reporting templates[1].

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 information that is required
Yellow cells	Are data entry cells and are the **only cells to which you input**: 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 the validation test

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[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

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

- choice list – select the appropriate answer from the drop down list;

- free text – text/numbers;

- date – follow the date format specified; and

- number – provide the number of decimal places specified.

3.7   Each worksheet has a sequential number. Where possible, you should complete the worksheets in the prescribed order, with the exception of '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   If the reference cell is red, then this indicates that inputted data into a data entry cell (yellow cell) has not passed the validation test. You must correctly input data into the data entry cell so the reference line (e.g. '01 – Dates Ref 01') turns green.

3.9   **Warning:** you must not copy and paste data entry cells (yellow cells) from the report template as this will interfere with the functionality and linking to other worksheets.

3.10   All financial information should be provided in GBP and in millions unless stated otherwise.

3.11   Complete all required information on the template before submission. Some parts of the template will populate other areas when completed, we refer to this in the guide as auto-population.

3.12   Where references have been given to cells in the reporting templates, those references will be used in the user guide.

3.13   If you encounter any problems, or have any questions regarding the report templates or user guides, please contact helpdesk@ssro.gov.uk.

User Guide

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.

The date is one month after the initial reporting date. The initial reporting date is the date the contract was entered into (date of agreement not the contract signature date if this date is different) or the date a contract was amended (if it became a qualifying defence contract by amendment).

This is the date format required

Insert any comments relating to these dates.

Insert name, position, contact telephone number and email address of individuals listed.

01 - Dates

dd/mm/yyyy

Ref		Date	Comments (if anything relevant)	Notes
01	Date this report is required by			Must comply with SSCRs, and where applicable, with Contract Report Plan.
02	Date this report was submitted to MOD & SSRO			Date email sent / data dispatched

02 - People

		Free text	Free text	Free text	Free text
Ref		Name	Position	Contact details - phone	Contact details - email
01	Supplier Staff - Report Submitted by				
02	Supplier Staff - Contact for Report Compliance Issues				
03	MOD Staff - Main Project Team contact for Supplier				
04	Supplier Staff - CEO Contact Details				

03 - Other

Other general comments relevant to the submission of this report	

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.

Ref	Required Data	Units	Value	Help / Definition / Notes
01	Contracting Company - Name	Free text		Full name of legal entity as registered with companies house / equivalent
02	Contracting Company - Registration Number	Number as text		
03	Contractor "Trading as" Name - if different to legal name	Free text		Please enter "as above" if not applicable
04	Registered Address - Name/Number & Street/Road	Free text		
05	Registered Address - Town / City	Free text		
06	Registered Address - County / Region	Free text		
07	Registered Address - Country	Free text		
08	Registered Address - Post / Zip Code	Free text		
09	UK SME Classification	Choice text		
10	Last day of most recently completed Company Financial Year	dd/mm/yyyy		
11	Immediate Parent Company 1 - Name	Free text		
12	Immediate Parent Company 1 - Registration Number	Number as text		
13	Immediate Parent Company 1 - Registered Address	Free text		In short / summarised form if insufficient space
14	Immediate Parent Company 2 - Name	Free text		
15	Immediate Parent Company 2 - Registration Number	Number as text		
16	Immediate Parent Company 2 - Registered Address	Free text		In short / summarised form if insufficient space
17	Immediate Parent Company 3 - Name	Free text		
18	Immediate Parent Company 3 - Registration Number	Number as text		
19	Immediate Parent Company 3 - Registered Address	Free text		In short / summarised form if insufficient space
20	Other relevant information	Free text		For example, a list of other Immediate Parent Companies if more than 3.

Full name of the legal entity submitted to a registrar of companies, such as Companies House.

This can include numbers (e.g. registration number) and text.

If the trading name is the same as the contracting company name please include 'as above' in this cell.

Select "SME" or "Not SME". SME has a meaning given in Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium sized enterprises (employ fewer than 250 people and annual turnover of ≤€50m and/or annual balance sheet total of ≤€43m).

Last day of the most recently completed accounting period.

Include parent company details. A parent company has the meaning given by Section 1162 of the Companies Act 2006. This needs to only cover immediate parent companies and not the whole parent chain.

03.   Contract

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.

The contract title should align with the title on the contract document.

01 - Basic Parameters

Required information

01	Contract Title	Free text			Please align with title on face of c
02	Contract Description	Free text			Summary description for uninform intended to deliver, in more detail
03	Contractor's Unique Reference Number for Contract	Free text			
04	MOD's Unique Reference Number for Contract	Free text			
05	Contract Start Date	dd/mm/yyyy	TBC		Linked through from 02_Reporting
06	Contract End Date	dd/mm/yyyy	TBC		Linked through from 02_ReportingPlan worksheet
07	Latest Pricing Amendment - Date Signed	dd/mm/yyyy			If applicable
08	Latest Pricing Amendment - Contractor Reference ID	Free text			If applicable
09	Latest Pricing Amendment - MOD Reference ID	Free text			If applicable

Provide a brief description of the goods, works or services that are to be provided under the contract, such that a reasonable person with familiarity of the defence sector could understand what is being delivered.

Enter the unique identifying number you have allocated to the contract.

Enter the unique identifying number allocated to the contract by the Secretary of State.

If a contract has been amended and become a QDC the date of the amendment should be equivalent to the latest pricing amendment. If there has been a re-determination of a contract price the date this was agreed should be entered here.

Enter the identifying number you have allocated to the amendment.

Enter the identifying number the MOD has allocated to the amendment.

Enter the contract completion date or, if that date is not known, the expected contract completion date.

The contract start date is the date the contract was entered into (date of agreement not the contract signature date if this date is different).

Pricing analysis – currencies and commercial constructs

Under the appropriate pricing method (contractors may use one of or a combination of the six regulated pricing methods Regulation 10(4) – (12)), input the price resulting from each method (if known) in millions to three decimal places. Except where otherwise provided in Part 5 of the Regulations, any reference to money in a report must be expressed in sterling. Use the appropriate contract currency for each pricing method. The contractor should enter all currencies that they will use in other parts of this report in the table below. The MOD and contractor may use different exchange rates, but for the purposes of reporting the contracting authority's exchange rate should be used (MOD for QDCs and the primary contractor for QSCs). Further information on foreign currencies can be found at SSRO Answer 1.31.

Input the price breakdown in millions to three decimal places resulting from each regulated pricing method. This must include profit and any options likely to be exercised. Use the appropriate contract currency for each pricing method.

If the contract currency is not GBP, enter the exchange rate used.

Enter any additional comments on the pricing analysis, for example, if there are options or a maximum or minimum price.

Business unit involvement

Include any business unit in relation to which a cost recovery rate has been used in determining the price payable under the contract.

03 - Business Unit Involvement

01	Name of Business Unit 1	**Free text**		Please list the business units involved in the delivery of this contract
02	Name of Business Unit 2	Free text		
03	Name of Business Unit 3	Free text		
04	Name of Business Unit 4	Free text		
05	Name of Business Unit 5	Free text		

Include the name of each business unit involved in the delivery of this contract.

04.   Obligations

Any known deviations from statutory guidance in force at the time of agreement to the contract should be described.

Enter total Allowable Costs in £ millions. Contractors should refer to the SSRO's statutory guidance on Allowable Costs in place at the time of agreement to the contract.

Enter the contract profit rate. This is the total of steps 1-6 on the profit worksheet. Contractors should refer to the SSRO's statutory guidance on adjustments to the Baseline Profit Rate in place at the time of agreement to the contract.

This should agree to your total contract price including profit and any options which have been agreed.

## 05.	Profit

You should describe the calculation made under Regulation 11 to determine the contract profit rate, including all adjustments that were made under steps 1-6. If the adjustment is zero the field should be completed with that value.

Refer to the 'SSRO's Contract Profit Rate Guidance on adjustments to the Baseline Profit Rate' – Cost Risk Adjustment for more detail when determining the cost risk adjustment under qualifying defence contracts and qualifying sub-contracts.

Contractors must provide a description of the calculation made to determine the contract profit rate including all adjustments made under steps 1-6. This can be done either in the boxes below or in supporting information. 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.

Ref	Description	Value	Supporting Information Requirements	Supporting Filename	Version Reference	File date stamp	Provided?	Relevant comments or caveats, and/or any further clarification
Step 1	Baseline Profit Rate (BPR) %		In "Relevant Comments" please confirm date this BPR % was published by Secretary of State					
Step 2	Contract Risk Adjustment %		Please state name of document / spreadsheet used to record detail of risk scoring mechanism, and confirm that file is provided with this report.					
Step 3	Profit On Cost Once (POCO) adjustment %		Please state name of document / spreadsheet used to derive this adjustment, and confirm that file is provided with this report.					
Step 4	Single Source Regulations Office - funding adjustment %		In "Relevant Comments" please confirm date this BPR % was published by Secretary of State					
Step 5	Agreed Incentive Adjustment %		Please state name of document / spreadsheet or cross reference to the schedule of the contract used to record detail of the incentive adjustment					
Step 6	Capital Servicing Allowance adjustment %		Please state name of document / spreadsheet used to derive this adjustment, and confirm that file is provided with this report.					
CPR	CONTRACT PROFIT RATE	-	No data entry required, calculated as sum of the above 6 entries. Please ensure that this is exactly the final rate used to price the contract.					

Refer to the 'SSRO's Contract Profit Rate Guidance on adjustments to the Baseline Profit Rate' - Profit on Cost Once Adjustment for more detail on calculating the POCO adjustment.

Refer to the 'SSRO's Contract Profit Rate Guidance on adjustments to the Baseline Profit Rate' - Incentive Adjustment on determining what circumstances warrant an incentive adjustment and to what extent an adjustment up to two per cent can be made.

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

Refer to the 'SSRO's Contract Profit Rate Guidance on adjustments to the Baseline Profit Rate' – Capital Service Allowance for detail on determining the allowance. Adequate justification should be provided to support the figures for fixed and working capital and the costs of production.

06.   Assumptions

Contractors must describe:

- 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

- any facts or assumptions provided by the Secretary of State and used by the contractor in those calculations.

All information materially relevant to the contract price for any qualifying defence contract is required. The MOD and the 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.

For example, in describing the facts, assumptions and calculations relevant to each element of the Allowable Costs you should provide detail on how the rates used in the QDC/QSC have been established. Details of what overheads have been included in these rates should be provided.

The information required to meet the common criteria can either be provided in supporting documentation (for example, in a cost model) or by recording the details of specific individual assumptions or calculations tabs 07-10. We welcome supporting documentation as it is more likely to be comprehensive and include all assumptions and descriptions. If supporting documents are provided, include the details in the assumptions tab (see below).

Ref	Information Category	Filename	Version Ref.	Date stamp	Description of Contents	Supporting relevant comments
	Please list cross references to all supporting documentation required to meeting the Common Criteria listed above for each of the 4 main categories of information					
1						
2						

Choose the information category from the drop-down menu.

1. Allowable Cost (excluding risk) - input assumptions.

2. Allowable Cost (excluding risk) - calculations.

3. Risk and contingency allowance - input assumptions.

4. Risk and contingency allowance - calculations.

Enter the filename of the attached supporting documentation.

Enter the version reference of the attached supporting document.

Insert the date stamp for the latest version of the document.

Provide a description of the contents of the attached supporting document.

Insert any other supporting relevant comments relating to the attached document.

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 and contingency allowance - input assumptions. Examples include: a risk register, supplemented where necessary with the numerical inputs to the risk modelling calculations; and

- risk and contingency allowance - calculations. Examples include: a jointly-owned or contractor-developed risk model, a specification 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 may arise if models that are shared contain 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 five 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 sub-contracts. The contract pricing statement will not be fit for purpose in allowing the MOD and the 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 Costs reflect the way that they actually calculated the estimate of that cost in the price build up.

- **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 the MOD - are clearly flagged. MOD assumptions must always be backed with key information like the date, the provider, and any audit trail. Any assumption not provided by the MOD will be deemed to be the contractor's own assumption, regardless of original source.

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'.

Ref	Description of assumption	Value if number	Relevant Units	Explanation of source and justification of use	Other relevant comments
01					
02					
03					
04					

Enter the description of your assumption regarding Allowable Costs (excluding risk).

If your assumption is numerical, insert the value in the 'value if number' section.

Specify the relevant units.

Provide an explanation of your assumption's source and a justification of its use.

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'.

Ref	Purpose of calculation - output derived	Description of calculation (inputs required, assumptions relied upon)	Other relevant comments
01			
02			
03			
04			
05			

Enter the purpose of the calculation and the output derived from your Allowable Costs (excluding risk) calculation.

Provide a description of the calculation, including inputs required and assumptions relied upon.

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'.

Ref	Description of assumption	Value if number	Relevant Units	Explanation of source and justification of use	Other relevant comments
01					
02					
03					
04					

Enter the description of your risk assumption.

If your assumption is numerical, insert the value in the 'value if number' section.

Specify the relevant units.

Provide an explanation of your assumption's source and a justification of its use.

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'.

Ref	Purpose of calculation - output derived	Description of calculation (inputs required, assumptions relied upon)	Other relevant comments
01			
02			
03			
04			
05			

Enter the purpose of the calculation and the output derived from your risk calculation.

Provide a description of the calculation, including inputs required and assumptions relied upon.

Add any other relevant comments.