Qualifying Defence Contract - Request for Information

You do not need to enter any data on this sheet.

Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a Qualifying Defence Contract (QDC) or Qualifying Subcontract (QSC).

Section 20 of the DRA requires a contractor, when requested by MOD, to demonstrate that costs claimed are Allowable. Section 15 and 17 of the DRA requires that a contractor prices a contract using the contract pricing formula, and that the profit on that contract is calculated in accordance with the six step Contract Profit Rate (CPR).

You have therefore been requested to complete this databook to demonstrate to MOD your bid's compliance with certain pricing aspects of the Single Source Procurement Framework (SSPF). The information you provide in the databook will allow MOD to understand how you have estimated the Allowable Costs and the CPR that underpin your proposed Contract Price.

The databook comprises the following sections:

DB1. QDC-QSC Price Summary: A breakdown of the contract price into Allowable Costs and profit. The profit element of the contract price comprises the six steps of the CPR, as set out in Section 17 of the DRA.
DB2. Allowable Costs: A breakdown of the Allowable Cost into its key constituents
DB3. Recovery Rates: Details of how you have calculated the cost recovery rates that you have used to price the contract
DB4. Cost Risk Adjustment: Your assessment of the contract's risk relative to the average risk contract and, as such your proposed cost risk adjustment for the contract, including any assumptions you have made as part of your calculation
DB5. POCO: Your assessment of the Profit On Cost Once (POCO) adjustment for your group single source supply chain, where applicable, including details of the proposed contract structure
DB6. Incentive Adjustment: Confirmation of the incentive adjustment applicable to the contract, if one is proposed by MOD
DB7. CSA: Details of the Cost of Production and Fixed / Working Capital upon which you have based your Capital Servicing Adjustment calculation

Important notes

>> It is acknowledged that you may need to tailor parts of the Databook, and the individual worksheets within it, to fit the specific circumstances of your contract, therefore the backing sheets are not linked to the *DB1. QDC-QSC Price Summary* sheet. You must therefore ensure that there is consistency between the information in each section, or alternatively, you may wish to link the sheets yourself once you have completed the detail. In the event that you need to make any significant changes to the Databook, please consult with the Commercial Office in the Pricing Team in advance.

>> Please note that the Databook is not currently set up to deal with a contract that has more than one regulated pricing method (i.e.. firm, fixed, target etc.). Therefore, please complete a separate Databook for each element of the contract that is priced using different pricing methods.

>> All values should be stated in GBP (£) (or % as applicable) unless otherwise agreed in advance with the MOD Commercial Officer. For example, if the contract price is denominated in EUR then you should discuss adapting this Databook to EUR, rather than GBP. If you need to translate a cost denominated in a foreign currency, please state your assumptions and the FX rate(s) used in the translation.

>> The completion of this Databook is intended to supplement the information requested in Section D of the DEFFORM 47ST, which collectively forms the minimum you must provide to support your offer.

>> The completion of this Databook does not impact your statutory responsibility to provide a completed Contract Pricing Statement (CPS) within 30 days of contract award. The information required to populate this Workbook should however facilitate the process of completing a CPS under the DRA.

>> If you have any questions on the completion of the work book please contact the MOD Commercial Officer relevant to your contract.

Contractor Databook Structure

Key
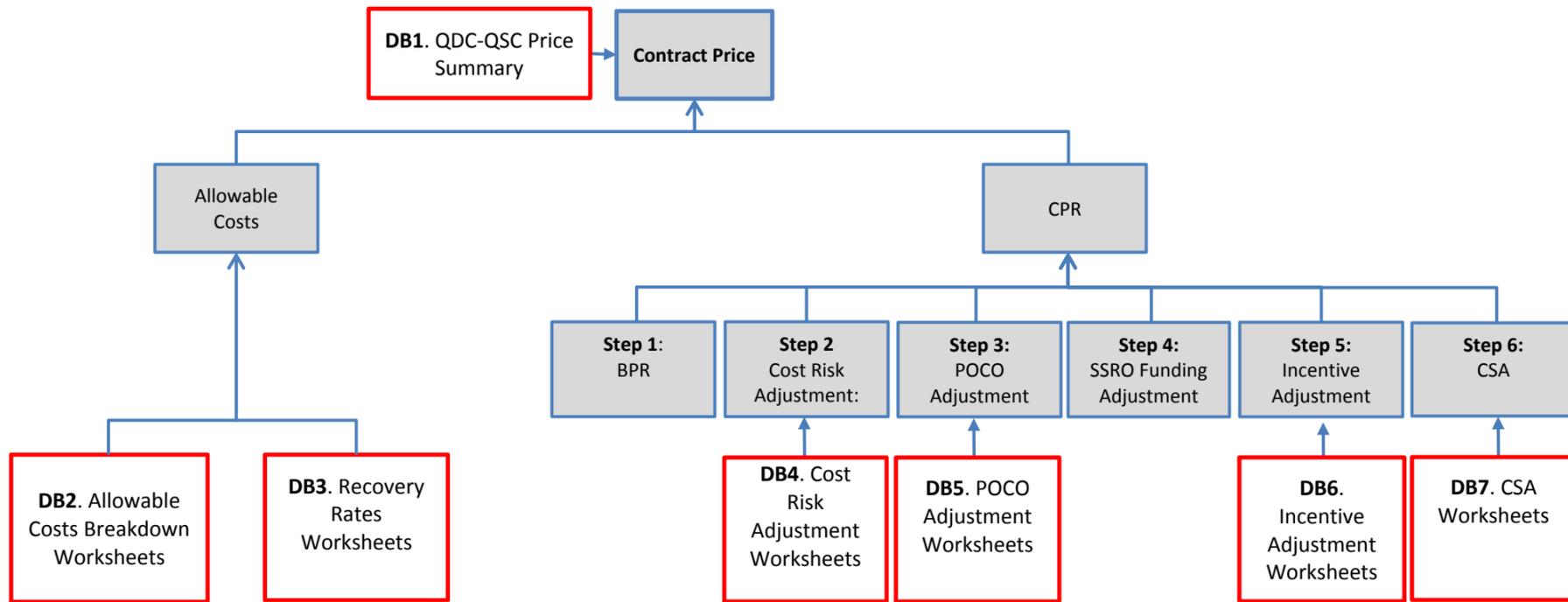
Databook Colour Key	User Input Cells
	Automatic Formula ***Do not edit***
	Information Only / Do not use

Term	Description
BPR	Baseline Profit Rate
CPR	Contract Profit Rate
CSA	Capital Servicing Adjustment
POCO	Profit On Cost Once
QDC	Qualifying Defence Contract
QSC	Qualifying Subcontract
SSPF	Single Source Procurement Framework
SSRO	Single Source Regulations Office

RED boxes represent worksheets that you are required to complete

DB1: PRICE SUMMARY

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DB1.1 QDC - QSC Price Summary

BACKGROUND

Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a QDC or QSC.

Section 20 of the DRA requires a contractor, when requested by MOD, to demonstrate that costs claimed are Allowable. Section 15 and 17 of the DRA requires that a contractor prices a contract using the contract pricing formula, and that the profit on that contract is calculated in accordance with the six step Contract Profit Rate (CPR).

Please provide the information below to demonstrate the breakdown of the proposed contract price.

Instructions on how to fill in the spreadsheet are included at the foot of the table.

A. General details

Contractor	
Contractor unit	
Contract title	
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

When pricing a contract under the Single Source Procurement Framework, you must have regard to the Statutory Guidance issued by the SSRO at the time that the contract is placed. Please state in the table below the issue date of the Statutory Guidance that you have had regard to in pricing your contract:

Single Source Cost Standards: Statutory Guidance on Allowable Costs	[July 2016]
Guidance on Adjustments to the Baseline Profit Rate	[March 2017]

Please confirm the proposed pricing method for the contract, or for that element of the contract that this Databook covers. Note, if more than one regulated pricing method is proposed for the contract, you should fill in a separate Databook for each element of the contract:

Regulated pricing method for the proposed QDC	

B. Data

Allowable Costs		Notes
Total Allowable Costs (£)		

CPR Step	Description		Adjustment	Notes
1	Baseline Profit Rate (BPR)		7.460%	
2	Cost Risk Adjustment		0.000%	
3	Profit On Cost Once (POCO)			
4	SSRO Funding Adjustment		(0.025)%	
5	Incentive Adjustment			
6	Capital Servicing Adjustment (CSA)			
	Contract Profit Rate (%)		**7.435%**	= (Sum of Steps 1 to 6 above)

Contract Profit (£)		-	= (Allowable Costs x Contract Profit Rate)
Proposed Contract Price (£)		-	= (Allowable Costs + Contract Profit)

C. Step by step guide on how to complete the template

Step	Description	Date	Initials	Notes
A: General Details				
a	Complete the table in in this part (*A. General details*) with the standing data for your contract. This table is repeated at the start of each individual section of the Databook, parts of which will automatically populate based on what you input in the table above. You should refer to Regulation 2 of the SSCR for a definition of a Business Unit.			
B: Data				
b	Enter the Total Allowable Costs for the contract. This must agree to the breakdown you provide in *DB2.1 Allowable Cost Breakdown* .			
c	**CPR Step 1**. Enter the Baseline Profit Rate (BPR). This must be the BPR that will be in force at the time the contract is expected to be let. The table is pre-populated with the rate applicable for the FY17/18 financial year.			
d	**CPR Step 2**. Enter the proposed adjustment to the BPR for risk in the contract, entering a value between ±25%. This value is automatically translated to the Cost Risk Adjustment in the CPR, and must agree to the Cost Risk Adjustment you have included in *DB4.1 Cost Risk Adjustment* .			
e	**CPR Step 3**. Enter the negative POCO Adjustment. The value (%) you enter here must agree to *DB5.1 POCO Summary* .			
f	**CPR Step 4**. Enter the SSRO Funding Adjustment. This must be the SSRO Funding Adjustment that will be in force at the time the contract is expected to be let. The table is pre-populated with the rate applicable for the FY17/18 financial year.			
g	**CPR Step 5**. Enter the Incentive Adjustment. The Incentive Adjustment should be 0% unless you have already agreed a value with MOD. The value (%) you enter here must agree to *DB6.1 Incentive Adjustment* .			
h	**CPR Step 6**. Enter the CSA. The value (%) you enter here must agree to the additional detail you provide in *DB7 CSA* worksheets.			
i	Please ensure that the Proposed Contract Price (£) agrees to your proposal.			

DB2: ALLOWABLE COSTS

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DB2.1 Allowable Costs Breakdown

BACKGROUND

Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a QDC or QSC.

Section 20 of the DRA requires a contractor, when requested by MOD, to demonstrate that costs claimed are Allowable Costs.

Please complete the following table to demonstrate the basis for the Allowable Costs value that you have included in Section 1. *QDC-QSC Price Summary* worksheet.

If your contract costs does not 'fit' the Allowable Cost Breakdown proforma below you may need to amend it. You should however ensure that the detail (hours, rates, quantities, prices etc.) are still provided and that the total Allowable Cost agrees to the total Allowable Cost figure stated in part B of *DB1.1 QDC-QSC Price Summary* .

Instructions on how to fill in the spreadsheet are included at the foot of the table. Where necessary please amend this section to fit your contract. For example, if your contract has multiple years you may want to consider duplicating this worksheet, and others if necessary, and populating for each individual year. You should ensure that the costings for each individual year are aggregated and the total Allowable Costs agree with that set out on *DB1.1 QDC-QSC Price Summary* .

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

B. Data

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
	Allowable Cost Breakdown	Direct Labour (Hours)	Hourly Recovery Rate (£/Hr)	Total Labour/Overhead (£) (Column 2x3)	Material (£)	Subcontract Cost (£)	Other Cost (£)	TOTAL (£) (Column 4+5+6+7)	Notes
(example below based on SSRO Defined Pricing Structure)									
1.1 Main Hardware / Software									
Hourly - Recovery Rate Pool 1				-				-	
Hourly - Recovery Rate Pool 2				-				-	
Hourly - Recovery Rate Pool 3				-				-	
Hourly - Recovery Rate Pool 4				-				-	
Hourly - Recovery Rate Pool 5				-				-	
Key Material 1				-				-	
Other Material				-				-	
Key Subcontract 1				-				-	
Other Subcontracts				-				-	
(add rows as required)				-					
1.2 Platform Integration, Assembly, Test and Checkout									
Hourly - Recovery Rate Pool 3				-				-	
Hourly - Recovery Rate Pool 4				-				-	
Hourly - Recovery Rate Pool 5				-				-	
Key Material 2				-				-	
Subcontract 2				-				-	
Subcontract 3				-				-	
Other Subcontracts				-				-	
(add rows as required)				-					
TOTALS	-		-	-	-	-	-		

Uplift	Uplift % (must agree to Uplift set out in DB3.1 Est Rates Calc Cur. Year worksheet Row D)	Cost Base to which Uplift is to be applied	Cost Base Value (£)			TOTAL (£) (Column 3x5)	Notes
% UPLIFT 1		**e.g. Production Cost**	-				e.g. Base: Production Cost = Total of Column 8
% UPLIFT 2		**e.g. Material and Subcontract Cost**	-				e.g. Base: Material and Subcontract Cost = Sum of Columns 5 and 6

Total Allowable Cost (Must agree to *DB1. QDC-QSC Price Summary* sheet)		0

C. Step by step guide on how to complete the template

Step	Description	Date	Initials	Notes
A: General Details				
a	The General Details should have been pre-populated from the data that you entered on *DB1.1 QDC-QSC Price Summary* . If not please complete.			
B: Data				
b	Complete **Column 1** according to the cost categories contained within the your contract proposal. This could be a Work Breakdown Structure (WBS), Product Breakdown Structure (PBS) or a Defined Pricing Structure (DPS). You should seek direction from the Authority's Commercial Officer on whether the cost categories should be based on a WBS, PBS or DPS. You should also consult with the Commercial Officer to establish the relationship between the WBS and the DPS, which will need to be defined within the Contract Reporting Plan in order to comply with the SSCR. Costs included in this breakdown must only be costs that are Allowable under the SSRO's *Single Source Cost Standards - Statutory Guidance on Allowable Costs* in force at the time the contract is placed. Note, this includes direct and indirect costs.			
c	Enter the estimated allowable direct labour hours for the relevant Hourly Recovery Rate Pools in **Column 2**.			
d	Enter the Hourly Recovery Rate for each relevant pool in **Column 3**. The rates you enter in this column must either agree to the estimated rates previously agreed with MOD, or otherwise to rates calculated for the purpose of this contract, and evidenced in *DB3.1 Est Rates Calc Cur. Year* (see reference Row B). State clearly in the Notes column whether the rates have already been agreed with the MOD, and if so, whether the rates were agreed with CAAS, or in relation to a recent contract. If you do not have agreed rates, we recommend you complete *DB3 Recovery Rates* first, and then populate this worksheet.			
e	**Column 4** is a calculation only column showing the cost of Labour/Overhead (Column 2 x Column 3).			
e	Enter material cost in **Column 5.**			
j	Enter subcontract cost in **Column 6.**			
i	Enter the Other Direct Costs for the relevant categories in **Column 7.** This may include costs such as consultancy costs charged direct to the contract, equipment hire etc.			
j	**Column 8** is a calculation only column showing Total Cost (Sum of columns 4,5,6 and 7)			
k	Where necessary include explanatory notes in **Column 9.**			
l	Where you are recovering costs through % uplifts, complete the Uplift section at the foot of the table. You will need to enter the % Uplift rate and the Base cost to which the uplift is applied. You will be required to set out the basis of calculation for these % Uplifts in *DB3.1 Est Rates Calc Cur. Year* Row D of this databook. Note, if you have priced the contract using uplifts that have already been agreed by MOD, please enter the rates in Column 3. You do not need to complete the *DB3.1 Est Rates Calc Cur. Year* worksheet.			
m	The Total Allowable Cost must agree to the Total Allowable Cost that you have entered in the *DB1.1 QDC-QSC Price Summary* worksheet.			

DB3: RECOVERY RATES

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DB3.1 Estimated Rates Calculation Current Year

BACKGROUND

Please note that if you have priced the contract using estimated rates / uplifts that have been agreed by MOD Cost Assurance & Analysis Service (CAAS), you do not need to complete this sheet.

Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order that MOD can verify any matter relating to the price payable under a QDC or QSC - this includes demonstrating how estimated recovery rates / uplifts on which the price is based have been calculated.

Section 20 of the DRA requires a contractor, when requested by MOD, to demonstrate that costs claimed are Allowable.

Please complete this Estimated Rates calculation template (following the step by step guide at the foot of the worksheet) in order that you can demonstrate:

(i) That the current year data on which the estimated rates / uplifts have been calculated is derived from an approved source such as an official company budget;
(ii) That you have excluded any costs disallowed under the SSRO's Single Source Cost Standards - Statutory Guidance on Allowable Costs in force at the time the contract is placed (as set out in further detail in DB3.3 Disallowed costs Cur Yr. worksheet);
(iii) That costs will only be recovered once - either directly or indirectly;
(iv) That the remaining costs, together with the estimated base hours derived from DB3.2 Dir.Labour Hrs Cur.Yr worksheet, are used to calculate the estimated recovery rates and uplifts; and
(v) That the estimated rates as calculated, have been used to price the qualifying contract in question.

Where necessary please amend the proforma to suit the circumstances of your costing methodology.

Note also that the analysis must be a summary of ALL cost recovery rates / uplifts for the business unit, not just those used to price this specific QDC or QSC. At the foot of the table you should use the drop down box to indicate those rates used to price this QDC.

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

Accounting Period	Year Ending [ ]

B. Data

Column	1	2	3	4	5	6	7	8	9a	9b	9c	9d	9e	10	11	12	13	14	15
	Profit & Loss Category	Profit & Loss £	Adjustment for non-Cost of Production items £	Cost of Production prior to Disallowances £	Disallowed Costs £ *(Must agree to worksheet DB3.3)*	Total Allowable Cost of Production £	Material & Bought Out Direct Items £	Allowable Costs to be recovered though Recovery Rates £	HOURLY RECOVERY RATE POOL 1 £	HOURLY RECOVERY RATE POOL 2 £	HOURLY RECOVERY RATE POOL 3 £	HOURLY RECOVERY RATE POOL 4 £	HOURLY RECOVERY RATE POOL 5 £	Total Cost excluding costs to be recovered through % uplifts £	% UPLIFT RECOVERY RATE POOL 1 £	% UPLIFT RECOVERY RATE POOL 2 £	Total Allowable Cost of Production £	CHECK (should be ZERO) £	NOTES (if applicable for clarification purposes)
				(2 - 3)		(4 - 5)		(6 - 7)						(7+(Sum 9a to 9e))			(10 + 11 +12)	(6 - 13)	
e.g. Sales																	-	0	[e.g. Enter here rationale for the basis for allocation across recovery pools]
e.g. Movement in WIP and Finished Goods																	-	0	
e.g. Materials																	-	0	
e.g. Payroll																	-	0	
e.g. G&A																	-	0	
e.g. Production																	-	0	
e.g. R&D																	-	0	
e.g. Selling and marketing																	-	0	
[Budget Line 9]																	-	0	
[Budget Line 10]																	-	0	
[Budget Line 11]																	-	0	
[Budget Line 12]																	-	0	
[Budget Line 13]																	-	0	
[Budget Line 14]																	-	0	
[Budget Line 15]																	-	0	
[Budget Line 16]																	-	0	
[Budget Line 17]																	-	0	
[Budget Line 18]																	-	0	
[Budget Line 19]																	-	0	
[Budget Line 20]																	-	0	
[Budget Line 21]																	-	0	
[Budget Line 22]																	-	0	
[Budget Line 23]																	-	0	
[Budget Line 24]																	-	0	
[Budget Line 25]																	-	0	
TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	0	
CHECK % Allocation					-		#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!					
Row A **Direct Labour Hours** (from *DB3.2 Dir. Labour Hrs Cur. Yr.*)									-	-	-	-	-						
CHECK Row B **Recovery Rate/Hour - pre uplifts**									0.0 / #DIV/0!	0.0 / #DIV/0!	0.0 / #DIV/0!	0.0 / #DIV/0!	0.0 / #DIV/0!						
Row C **Base cost for uplift**															-	-			*Record here the basis for the calculation e.g. % Uplift 1 is recovered over Cost of Production. Uplift 2 is recovered over total cost of material.*
Row D **Uplift %**															#DIV/0!	#DIV/0!			
Row E **Have these rates been used to price the QDC?**									Select from list	Select from list	Select from list	Select from list	Select from list		Select from list	Select from list			

C. Step by step guide on how to complete the template

Step	Step	Date	Initials	Notes
A: General Details				
a	With the exception of the Accounting Period, the General Details should have been pre-populated from the data that you entered in *DB1.1 QDC-QSC Price Summary* . If not please complete.			
B: Data				
b	Complete **column 1** with profit and loss categories on which the estimated rates calculation has been based. As backing evidence please provide a summary of the source from which this data has been derived in the notes. In general, for estimated rates the source would be expected to be an approved company budget or forecast.			
c	Enter the profit and loss amount for the each categories in **column 2.** Enter costs as positive figures and income as negative figures. The total in column 2 should equal *Profit before Tax* as per the approved company budget / forecast.			
d	Enter adjustments in **column 3** to eliminate items that are not elements of Cost of Production, for example sales or movements in work-in-progress and finished goods.			
e	**Column 4** will automatically calculate Cost of Production prior to Disallowed costs.			
f	Enter any Disallowed costs in **column 5** (based on the SSRO's *Single Source Cost Standards - Statutory Guidance on Allowable Costs* in force at the time the contract is placed). Please also ensure that you complete *DB3.3 Disallowed costs Cur. Yr.* to provide additional detail on any disallowances you have made.			
g	**Column 6** will automatically calculate Total Allowable Cost of Production			
h	Enter in **column 7** any costs that are not being recovered through recovery rates. For example, material and bought out direct costs.			
i	**Column 8** will automatically calculate Allowable Costs to be recovered through recovery rates.			
j	Use **columns 9a - 9e** (based on your hourly recovery rate pools) to enter the costs allocated to each pool of costs to be recovered on an hourly basis. Add the name of the hourly recovery rate pool to each column. The recovery rates will be dependent on pools relevant to your business unit.			
k	**Column 10** will automatically calculate the total Production Cost i.e. the sum of the costs allocated to each hourly recovery rate pool and material, bought out and other direct costs.			
l	In **columns 11-12** enter overhead costs that are not allocated directly to an hourly recovery rate pool but instead are recovered using a % uplift (NB for the purpose of this proforma Uplift A has been based on a % of Total Production Cost and Uplift B has been based on a % of Total Material Cost. If you use different bases for the uplift you will need to amend the spreadsheet accordingly).			
m	**Column 13** will automatically calculate Total Allowable Cost of Production			
m	**Column 14** is a check calculation to ensure that Column 13 and Column 6 match. The row totals and the grand total in column 14 must be zero.			
n	Enter any relevant notes for clarification in **column 15** (for example the rationale for the basis of allocation across recovery rate pools)			
o	**Row A** will automatically be updated from the direct labour hours entered in *DB3.2 Dir. Labour Hrs Cur.Yr* . Note, you will need to update this link if you amend DB3.2 (for instance if you have more than 5 hourly recovery rate pools) Please also ensure that you complete worksheet *DB3.2 Dir.Labour Hrs Cur.Yr* and provide additional detail on how you have calculated these hours. Use the check cells to ensure that the labour hours have been correctly linked from worksheet *DB3.2 Dir.Labour Hrs Cur.Yr*			
p	**Row B** will automatically calculate the Total Recovery Rate Per Hour based on the total labour hours and total cost allocated to each hourly recovery rate pool			
q	In **Row C** you will need to enter the base cost on which the % uplifts in columns 11 and 12 are calculated. In the example column 11 costs are recovered through an uplift based on total prime cost and first tier overheads (i.e. material, bought out direct and hourly recovery rate pools) and column 12 costs are recovered based on material costs. Please record in Column 15 how each base has been calculated.			
r	**Row D** will automatically calculate the uplift percentages			
s	**Row E** - Select Yes/No from the drop down box to identify which hourly recovery rates have been used in your pricing proposal for the QDC.			

DB3.2 Direct Labour Hours Current Year

BACKGROUND

Please note that if you have priced the contract using estimated rates / uplifts that have been agreed by MOD Cost Assurance & Analysis Service (CAAS), you do not need to complete this sheet.

Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a QDC or QSC - this includes demonstrating how a contractor has calculated estimated recovery rates used in a pricing proposal.

Section 20 of the DRA requires a contractor, when requested by MOD, to demonstrate that costs claimed are Allowable.

Please follow the step by step guide at the foot of this worksheet to demonstrate the basis of the calculation of the estimated labour hours that are used as a recovery base for each hourly recovery pool as set out on *DB3.1 Est.Rates Calc Cur.Year* .

The calculated labour hours will directly link to *DB3.1 Est.Rates Calc Cur.Year.*

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

Accounting Period	Year Ending [ ]

B. Data

Column	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
					POTENTIAL HOURS										UTILISATION OF HOURS					
				PAYROLL DIRECT PERSONNEL				TOTAL	HOLIDAY HOURS PER ANNUM				TOTAL PER ANNUM	SICK & ABSENT AND OVERTIME HOURS			TOTAL PER ANNUM	DIVERTED INDIRECT HOURS		TOTAL PER ANNUM
	RECOVERY RATE POOL *Department*	WEEKS PER ANNUM	BASIC HOURS PER WEEK	AVERAGE FULL TIME DIRECT	AVERAGE PART TIME DIRECT (FTE)	AVERAGE APPRENTICES (FTE)	TOTAL FTE DIRECT	BASIC FULL TIME HOURS	STATUTORY HOLIDAY DAYS PER PERSON	STATUTORY HOLIDAYS HOURS	ANNUAL LEAVE DAYS PER PERSON	ANNUAL LEAVE HOURS	BASIC ATTENDANCE HOURS	SICK AND ABSENT HOURS	SICK AND ABSENT HOURS	OVERTIME HOURS	ATTENDANCE HOURS DIRECT PERSONNEL	DIVERTED (INDIRECT) HOURS	DIVERTED (INDIRECT) HOURS	DIRECT LABOUR HOURS
		Number	*Hours*	*Number*	*Number*	*Number*	*Number*	*Hours*	*Days*	*Hours*	*Days*	*Hours*	*Hours*	*%*	*Hours*	*Hours*	*%*	*Hours*	*Hours*	*Hours*
Column reference (unless underlined) >>							(4 + 5 + 6)	(2 x 3 x 7)		((3/ 5 days) x 7 x 9)		(3/ 5 days) x 7 x 11)	(8 - 10 - 12)		(13 x 14)		(13 - 15 +16)		(17 x 18)	(17 - 19)
HOURLY RECOVERY RATE POOL 1		52	40				0	0	8	0		0	0		0		0		0	0
HOURLY RECOVERY RATE POOL 2		52	40				0	0	8	0		0	0		0		0		0	0
HOURLY RECOVERY RATE POOL 3		52	40				0	0	8	0		0	0		0		0		0	0
HOURLY RECOVERY RATE POOL 4		52	40				0	0	8	0		0	0		0		0		0	0
HOURLY RECOVERY RATE POOL 5		52	40				0	0	8	0		0	0		0		0		0	0
TOTAL		0	0	0	0	0	0	0	40	0	0	0	0	0%	0	0	0	0%	0	0

SUMMARY BENCHMARK %

	21	22	23	24	25	26	27	28
RECOVERY RATE POOL	POTENTIAL MAN WEEKS	HOLIDAYS %	SICK & ABSENT %	OVERTIME %	DIRECT ATTENDANCE %	DIVERSIONS %	DIRECT %
	(13 / 3)	(10 + 12)/ 8	(15 / 13)	(16 / 13)	(17 / 13)	(19 / 17)	(20 / 17)
HOURLY RECOVERY RATE POOL 1	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HOURLY RECOVERY RATE POOL 2	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HOURLY RECOVERY RATE POOL 3	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HOURLY RECOVERY RATE POOL 4	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HOURLY RECOVERY RATE POOL 5	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL/AVE.	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

C. Step by step guide on how to complete the template

Step	Step	Date	Initials	Notes
A: General Details				
a	With the exception of the Accounting Period, the General Details should have been pre-populated from the data that you entered on *DB1.1 QDC-QSC Price Summary* . If not please complete.			
B: Data				
b	Enter the name of each recovery rate pool in **column 1.** These must be consistent with the hourly recovery rate pools used in columns 9a to 9a on worksheet *3.1 Est.Rates Calc Cur.Year*			
c	Enter the estimated number of weeks per head in the period in **column 2**. In most cases, this will be 52 weeks.			
d	Enter the estimated number of standard (i.e. excluding overtime) hours per head per week in **column 3.** In most cases, this will be based on a 5 day working week			
e	Enter the estimated average number of full time direct heads in **column 4**			
f	Enter the estimated average number of part time direct heads (on an FTE basis) in **column 5**			
g	Enter the estimated average number of direct apprentices (on an FTE basis) in **column 6**			
h	**Column 7** will automatically calculate the estimated average total direct heads. This will include full time staff, part time staff and apprentices.			
i	**Column 8** will automatically calculate the estimated total basic full time hours. This will be based on the total number of staff, number of weeks per annum and the total hours worked per week			
j	Enter the number of statutory holiday days during the period in **column 9**. This should include Bank Holidays, Easter, Christmas, etc. In most cases, this will 8 days			
k	**Column 10** will automatically convert the statutory holiday days per person to the estimated total statutory holiday hours for all staff.			
l	Enter the number of estimated annual leave days available to staff as per the company policy in **column 11**			
m	**Column 12** will automatically convert the annual leave days per annum per person to the estimated total annual leave hours for all staff.			
n	**Column 13** will automatically calculate the estimated total basic attendance hours, excluding holiday hours.			
o	Enter the estimated staff sick and absent percentage in **column 14**			
p	**Column 15** will automatically convert this to the estimated sick and absent hours based on the percentage entered in column 14			
q	Enter the estimated total staff overtime hours in **column 16** (note, this is the total number of overtime hours for all staff)			
r	**Column 17** will automatically calculate the estimated total direct attendance hours. This will not include sick and absent hours but will include overtime hours			
s	Enter the estimated diverted indirect percentage in **column 18**. This will include any time on diversions such as training, team events, meetings, etc. Please provide supporting analysis, and your calculation of the percentage, separately.			
t	**Column 19** will automatically calculate the estimated diverted indirect hours based on the percentage entered in column 18			
u	**Column 20** will automatically calculate the estimated direct labour hours			
v	**Columns 22-28** will automatically calculate benchmark percentages			

DB3.3 Disallowed Costs Current Year

> **BACKGROUND**
>
> Please note that if you have priced the contract using estimated rates / uplifts that have been agreed by MOD Cost Assurance & Analysis Service (CAAS), you do not need to complete this sheet.
>
> Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a QDC or QSC - this includes demonstrating that costs meet the principles of allowability as set out in the SSCSs.
>
> Section 20 of the DRA requires a contractor, when requested by MOD, to demonstrate that costs claimed are Allowable.
>
> Please follow the step by step guide at the foot of this worksheet to:
>
> (i) Demonstrate that you have followed the SSRO's *Single Source Cost Standards - Statutory Guidance on Allowable Costs* in force at the time the contract is placed; and
> (ii) Provide details of the estimated costs that you have disallowed.

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

Accounting Period	Year Ending [ ]

B. Data

Column 1 Disallowed cost type (NB version below is based on the SSRO Statutory Guidance on Allowable Costs - July 2016. If you are using a later version please amend as necessary)	Column 2 Disallowed costs £	Column 3 Notes on the Disallowed costs Where adjustment is 'zero' or left blank you are confirming that in your opinion there are no disallowed costs in this category
Depreciation, Amortisation or Impairment **[9.5 - 9.7]**		
Risk **[9.8 - 9.10]**		
Losses, obsolescence and bad debt **[9.11 - 9.13]**		
Redundancy payments **[9.14]**		
Employee benefits **[9.15 - 9.17]**		
Private Venture Research and Development **[9.18 - 9.23]**		
Pension costs **[9.24 - 9.25]**		
Marketing and Sales **[9.26 - 9.27]**		[e.g. Sales and Marketing spend not demonstrably linked to the contract]
Bid costs **[9.28 - 9.29]**		
Third party costs **[9.30 -9.32]**		
Reworks and faulty workmanship **[9.33 - 9.36]**		[e.g. Faulty workmanship exclusion]
Inflation, labour and material rates **[9.37 - 9.38]**		
Refunds, penalties and notional transactions **[9.39 - 9.41]**		
Insurance **[9.42 - 9.44]**		
Exceptional or abnormal costs **[10.1 - 10.4]**		
[Additional rows to be used where necessary]		
[Additional rows to be used where necessary]		
[Additional rows to be used where necessary]		
TOTALS	**0**	*Total value of disallowed costs excluded from the recovery rate claims*

Check against total of column 5 in *DB3.1 Est.Rates Calc Cur.Year*	0

C. Step by step guide on how to complete the template

Step	Step	Date	Initials	Notes
A: General Details				
a	Please enter the Accounting Period and the version of the SSCSs used. The General Details should be pre-populated from the data that you entered on *DB1: QDC-QSC Price Summary* . If not please complete.			
B: Data				
b	Column 1 is pre-populated with the categories of disallowed costs set out in the latest SSCSs at the time the spreadsheet was created i.e. those issued by the SSRO in July 2016. If at the time of completion of this databook there is later version of the SSCSs, please amend Column 1 accordingly.			
c	Under each category of disallowed cost, enter the disallowed value in **Column 2** where appropriate. Please do not enter in thousands or millions. Where adjustment is 'zero' or left blank you are confirming that in your opinion there are no disallowed costs in this category.			
d	In **Column 3** provide further details of the nature of disallowed cost and the reasons for the disallowances. Where no adjustment is necessary for a particular cost category, confirm that the base cost does not include disallowed costs under the relevant category			
e	The total figure in Column 2 must agree to the Disallowed costs Column 5 in *DB3.1 Est.Rates Calc Cur.Year*			
f	Confirm the CHECK cell at the foot of Column 2 is zero. This checks against the total disallowed costs in *DB3.1 Est.Rates Calc Cur.Year* Investigate if the total in the CHECK cell does not sum to zero			

DB4: COST RISK ADJUSTMENT

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DB4.1 Cost Risk Adjustment

BACKGROUND

Section 23 of the Defence Reform Act requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a QDC or QSC.

The BPR is intended to represent a fair return for an average, or moderate, risk contract - in such instances the cost risk adjustment will be zero. If the risk of a contract is deemed to be higher or lower than a moderate risk contract, then a cost risk adjustment between +/- 25% of the BPR should be included in the calculation of a contract's CPR.

Note, the cost risk adjustment is subject to negotiation between the MOD and a contractor.

You must complete this section, which gives you the opportunity to set out the following:

(i) the regulated pricing method proposed for the contract, and the cost risk adjustment you are proposing to include in your calculation of the CPR (**part B**);
(ii) confirmation that you have considered the key principles of the SSRO's *Guidance on the Baseline Profit Rate and its adjustments* in your assessment of the cost risk adjustment (**part C**);
(iii) details of the contract's risks and those that you have included in your assessment of the cost risk adjustment, and other key assumptions (**part D**);
(iv) the calculation of the cost risk adjustment that you have included in your price proposal, if applicable (**part E**).

Section 18 of the DRA requires a contractor to have regard to the SSRO's statutory guidance in calculating the cost risk adjustment.

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

B. Regulated Pricing Method and Cost Risk Adjustment

Please confirm the proposed pricing method for the contract, or for that element of the contract that this Databook covers. Note, if more than one regulated pricing method is proposed for the contract, you should fill in a separate Databook for each element of the contract. This should agree with what you have selected in *DB1.1 QDC-QSC Price Summary*

Column ref	1	2
Regulated pricing method for the proposed QDC	Select drop down	

Please state your proposed adjustment to the BPR and include your justification for your proposal. Note, you should enter a percentage between negative (-) 25% and positive (+) 25%, as required by the Legislation. You will have the opportunity to provide further details below. The BPR is pre-populated using the FY17/18 published rate - please update this figure if required.

Column ref	3	4	5	6	7
		Proposed adj to BPR (%)	BPR (%)	Proposed Cost Risk Adjustment (%)	Justification
Cost risk adjustment			7.460%	0.000%	

Cost-plus | Estimate-based fee pricing methods

Paragraph 8.3 of the SSRO's *Guidance on the baseline profit rate and its adjustments* 2017/18, states that for QDCs priced using the **cost-plus** or **estimate-based fee** pricing methods, the cost risk adjustment should be minus 25 per cent of the BPR.

Firm | Fixed | Target | Volume-driven pricing methods

Paragraph 8.4 of the SSRO's *Guidance on the baseline profit rate and its adjustments* 2017/18, states that for all other pricing methods, the adjustment may vary from minus 25% to plus 25% of the BPR, depending on the risk that the actual Allowable Costs vary from the estimated Allowable Costs.

Paragraph 8.5 stated that, subject to the considerations of the regulated pricing method, the starting point for the appropriate cost risk adjustment is that none should apply. A positive or negative cost risk adjustment should apply where it can be reasonably justified and evidenced. This request for justification and evidence is set out in sections C and D below.

C. Disclosures

The SSRO's statutory guidance on the cost risk adjustment is principle-based. Please complete the following to confirm that you have had regard to each of the principles set out in statutory guidance. If you have deviated from any of the principles, please state your reasons for doing so.

Column ref	10	11	12
References below is based on the SSRO *Statutory Guidance on the baseline profit rate and its adjustment 2017/18* (issued 14/03/2017). If you are using a later version please amend as necessary.	**Select from drop down list**	**Notes** *Please provide further detail as considered appropriate for each principle. If answered 'No', you must set out your reasons for not following Statutory Guidance here.*	
C1. Please confirm that in making your assessment, you have only considered uncertainties that impact on Allowable Costs? **[8.11.a]**	Select from drop down		
C2. Please confirm that your assessment and calculation of the cost risk adjustment has given consideration to the contract pricing method, as set out above? **[8.11.b]**	Select from drop down		
C3. Please confirm that your assessment and calculation of the cost risk adjustment does not take into account risk that can be managed in estimated Allowable Costs? **[8.11.c]**	Select from drop down		
C4. Please confirm that your assessment and calculation of the cost risk adjustment takes into account the extent to which actual Allowable Costs may vary from estimated Allowable Costs, both positively and negatively? **[8.11.d]**	Select from drop down		
C5. Please confirm that your assessment and calculation of the cost risk adjustment takes into account the relative likelihood of actual Allowable Costs being over or under estimated Allowable Costs? **[8.11.e]**	Select from drop down		
C6. Please confirm that your assessment and calculation of the cost risk adjustment takes into account the extent to which the probability and expected impact of cost risk has been mitigated, eliminated or transferred to another party, for example through insurance or where sub-contract risk is 'passed through' to a sub-contractor or another party **[8.11.f]**	Select from drop down		
C7. Please confirm that your assessment and calculation of the cost risk adjustment takes into account the extent to which cost risk should be covered through Allowable Costs **[8.11.g]**	Select from drop down		
C8. Please confirm that your assessment and calculation of the cost risk adjustment reflects and draws upon the overall approach to risk assessment such as risk allocation, management and risk registers (and be recorded in the risk register)? **[8.11.h]**	Select from drop down		
C9. Please confirm that your assessment and calculation of the cost risk adjustment does not take into account risk and uncertainty resulting from force majeure, for example an unforeseeable natural disaster? **[8.11.i]**	Select from drop down		
C10. Please confirm that your assessment and calculation of the cost risk adjustment is based on reasonable documented assumptions and/ or evidence. This should be set out in section D below and in other supporting evidence, if applicable. **[8.11.j]**	Select from drop down		

D. Risks influencing your proposed cost risk adjustment and other key assumptions

Paragraph 9.9 of the SSRO's *Single Source Cost Standards* states that a risk over which the contractor has no or little control may be covered under the provision of an adjustment to the Baseline Profit Rate if the relevant evidence is provided (and assuming that it meets the principles set out in the *Guidance on the Control Profit Rate and its Adjustments*)

Paragraph 9.10 states that the underlying principle to be applied is that costs associated with compensating the contractor for risk should be clearly evidenced and only recovered once.

In the tables below, please state:

- the risks that you have considered in your assessment of the cost risk adjustment, ensuring that inclusion of a risk does not deviate from Statutory Guidance, and the principles set out within.

- any other assumptions you have made in calculating the cost risk adjustment in the price proposal.

Add additional rows where required, and include your risk register as part of your submission if applicable. If required, include any further details that you would like to share with MOD Commercial in the additional note input box below the main table.

Column ref	8	9
Risks and assumptions considered in your calculation of the Cost Risk Adjustment		**Rationale for inclusion and potential impact**
Risk or assumption 1		*Use this cell to include further details of the risk included in your calculation of the cost risk adjustment*
Risk or assumption 2		*Use this cell to include further details of the risk included in your calculation of the cost risk adjustment*
Risk or assumption 3		*Use this cell to include further details of the risk included in your calculation of the cost risk adjustment*
Risk or assumption 4		*Use this cell to include further details of the risk included in your calculation of the cost risk adjustment*
Risk or assumption 5		*Use this cell to include further details of the risk included in your calculation of the cost risk adjustment*
Risk or assumption 6		*Use this cell to include further details of the risk included in your calculation of the cost risk adjustment*

Add additional notes, as required

E. Calculation

If you have adopted a mathematical approach to calculate the cost risk adjustment applicable to the contract, please either:

(1) adapt this section or databook to include a copy of your calculation; or
(2) include a copy of your calculation as a separate document, and submit it with your completed Databook.

DB5: POCO ADJUSTMENT

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DB5.1 POCO Summary

BACKGROUND

Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a QDC or QSC - this includes demonstrating how the Contract Profit Rate has been adjusted for a POCO adjustment, if applicable to the contract.

Section 17 and Regulation 12 of the Legislation require a contractor to adjust the Baseline Profit Rate to ensure that profit arises only once in relation to those allowable costs under the contract that relate to the price payable under any group single source subcontract (including any further group single source sub-contract). It is therefore a requirement under the DRA that a contractor either provides evidence/ confirmation that no adjustment is required or otherwise includes a POCO adjustment in its calculation of the CPR.

You must complete the POCO section of this Contractor Databook, in part or in full as set out below, in order to demonstrate the following:

(i) Whether a POCO adjustment is required for the proposed contract;
(ii) If a POCO adjustment is not required, you must provide confirmation of this and evidence that this is the case;
(iii) If a POCO adjustment is required, confirmation of your calculation and supporting information for the calculation; and
(iv) If a POCO adjustment is required, that it has been calculated correctly based on the information available about the proposed contract, and that the calculation has taken into consideration the SSRO's Statutory Guidance.

You must complete this section of the Databook whether or not you consider a POCO adjustment is required for the contract.

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

B. Data - POCO adjustment

Complete the following table:

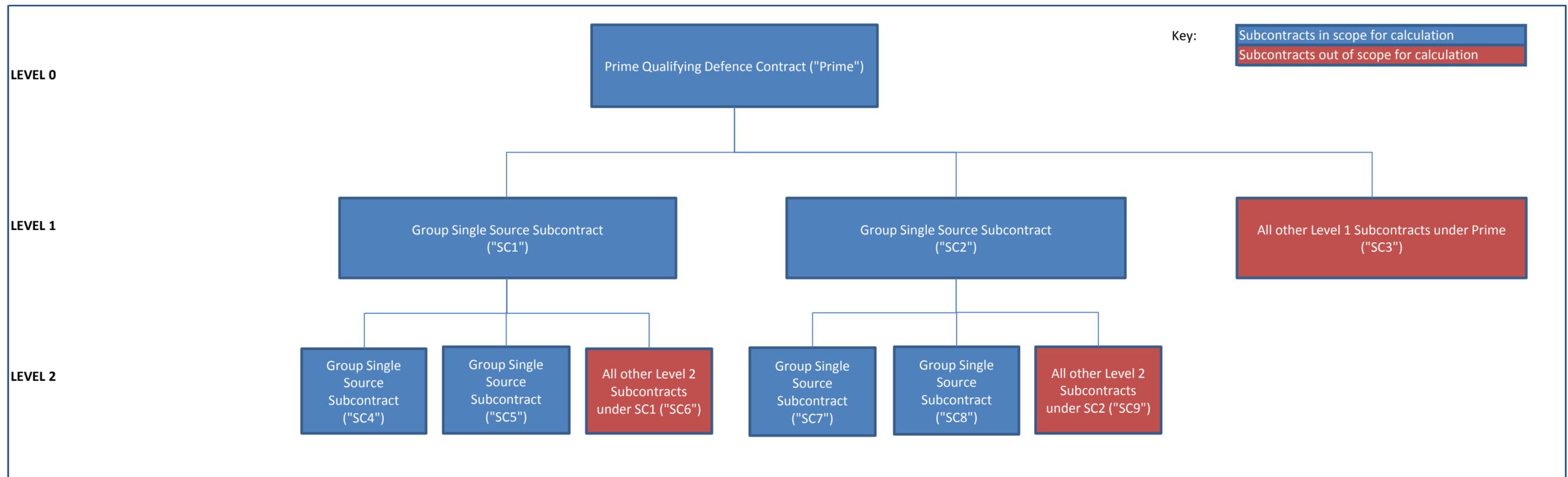| Column ref	1	2	3
		Please complete	
B1. Are you proposing a POCO adjustment? Please select Yes or No.		Select from drop down menu	By selecting 'No', you are confirming that there is no profit on profit in the price proposal and a POCO adjustment is not required.
B2. If 'Yes' is selected for B1, please confirm that you have calculated a POCO adjustment for the proposed contract.		Select from drop down menu	If 'No' is selected for B1, select 'Not applicable'
B3. If 'Yes' is selected for B1 and B2, please state the proposed POCO adjustment. This must agree to *DB1.1 QDC-QSC Price Summary* and your POCO adjustment calculation submitted in support of this Databook. Proceed to Section C below.		0.00%	Please state your adjustment as a negative percentage. Leave this at 0.00% if a POCO adjustment is not required or if you have not calculated a POCO adjustment.

C. POCO adjustment calculation

In calculating the POCO adjustment for your contract, you should have regard to the SSRO's statutory guidance. There is no specific template for the calculation of a POCO adjustment.

Please include the following with your completed Contractor Databook:

1. A copy of your POCO adjustment calculation;
2. A schematic of your contract supply chain.

D. POCO Adjustment Contract Structure Proforma

Note	Description
D1	The proforma below comprises the QDC and both subcontracts that are **in scope** for the POCO adjustment and subcontracts that are **not in scope** for the POCO adjustment: - **In Scope contracts**: (i) group single source subcontracts. You should refer to Regulation 12(5) of the Singe Source Contract Regulations (SSCR) for further details on what is considered a 'group sub-contract'. - **Out of scope contracts**: (i) group competitive; (ii) non-group, single source subcontracts; (iii) non-Group, competitive contracts
D2	If the supply chain of your proposed contract can be made to fit in the proforma supply chain below then note the following, and then proceed to *DB5.2 POCO Template Notes* once you have read this section. (i) There are a maximum of 2 sub-levels below the prime QDC (which is considered Level 0); (ii) On Level 1 there are a maximum of 2 group single source sub-contracts. These are labelled SC1 and SC2 in the databook; (iii) On Level 2 there are a maximum of 2 group single source sub-contracts under SC1 (SC4 and SC5) and 2 group single source sub-contracts under SC2 (SC7 and SC8); (iv) Depending on where they occur in the supply chain, all other sub-contracts (i.e. non-Group single source, Group competitive and non-Group competitive) can be aggregated and included as SC3, SC6 and SC9.
D3	If the supply chain of your proposed contract does not fit in the proforma supply chain below (for example, the proposed contract structure has more than two in-scope subcontracts on level 1 or level 2, or in-scope subcontracts in level 3+, please provide a schematic of the proposed contract structure and your POCO adjustment calculation with this Contractor Databook.

E. Step by step guide on how to complete the template

Step	Step	Date	Initials	Notes
A: General Details				
a	The General Details should have been pre-populated from the data that you entered in *DB1.1 QDC-QSC Price Summary* . If not please complete.			
B: Data - POCO Adjustment				
b	The table on this sheet requires you to either select from a series of drop down menus and to input your POCO adjustment, if applicable. You should complete this table, adding additional detail and support in the right hand column, if necessary.			
c	For **B1**, select whether you consider a POCO adjustment to be necessary for the contract. If you have selected 'Yes', please proceed to **B2**. If 'No' is selected for **B1**, please confirm in the notes to the right whether this is because: (i) there are no group single source subcontracts in the proposed contract structure; **or** (ii) you have applied a zero profit rate to all group single source sub-contracts in the unbroken element of the supply chain; **or** (iii) you have decreased the Allowable Costs of the contract by an amount equal to the attributable profit of all qualifying subcontracts or further qualifying subcontracts. Provide further details if necessary.			
d	If you have selected 'Yes' for **B1**, you should have calculated the POCO adjustment. If this is not the case, please state your reasons in the right hand column.			
d	If you have selected 'Yes' for **B2**, please confirm your proposed POCO adjustment in **B3**.			
C. POCO Adjustment Contract Structure Proforma				
b	In order for MOD Commercial to assess your POCO adjustment, MOD Commercial has developed a POCO Adjustment proforma for qualifying contracts with simple contract structures. Please review Section D above to determine whether the proposed contract structure can be fit into the MOD Commercial proforma. If it does, please proceed to *DB5.2 POCO Template Notes* , and complete *DB5.3 POCO Template* .			

DB5.2 POCO Template notes

We recommend you print these instructions and refer to them in populating 'DB5.3 POCO Template'

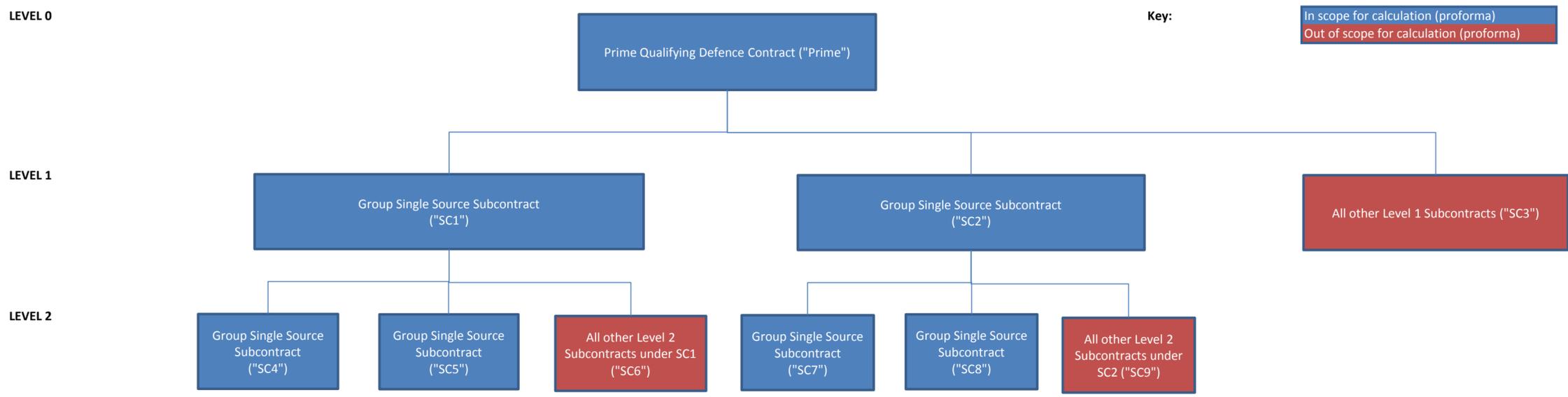| Note	Description
Overview	
1	If a POCO adjustment is applicable to your contract and the proposed contract structure fits the proforma set out on *DB5.1 POCO Summary* and *DB5.3 POCO Template*, then you must complete *DB5.3 POCO Template*. The notes on this page provides instructions on how to populate the template.
2	The template on *DB5.3 POCO Template* allows you to enter the key data that the MOD requires in order to assess your calculation of the POCO adjustment. The information requested in the template is no more than that you will require to calculate the POCO adjustment for the proposed contract.
3	With reference to your proposed contract structure, label the QDC's subcontracts (level 1) and further subcontracts (level 2) SC1-SC9, as required. For all out of scope subcontracts, aggregate them under SC3, SC6 or SC9 depending on where in the contract structure they fall. Contracts with a contract value less than £100,000 should be considered out of scope.
Determining whether a subcontract is in scope for POCO	
4	Populate the first three lines of the table in *DB5.3 POCO Template* using the drop down options. This will automatically populate the fourth line, which confirms whether the sub-contractor should be included in the calculation i.e. in scope for POCO (group, single source sub-contracts only). For each subcontract involved in the 'unbroken' element of the Group single source supply chain, you should enter the required data in the light yellow data entry cells. Note, a competitive contract would 'break' the single source supply chain and result in any further group single source sub-contracts below the competitive sub-contract being out of scope for POCO.
Complete the input cells in light yellow:	
5	- **Ownership**: Where a sub-contractor is fully owned by the group, enter the ownership as 100%. Where a sub-contractor is part-owned by a group only include that sub-contractor if the group 'controls' the sub-contractor, and then enter the % ownership, e.g.: - if the group owns 48% of the sub-contractor but 'controls' it then enter 48%; alternatively - if the group owns 48% of the sub-contractor and does not control it then enter 0%. Note, the group 'controls' the sub-contractor if it is able to exercise dominant influence or control over the sub-contractor. Generally speaking a 49% shareholding would imply that the primary contractor does not have control over the sub-contractor and, therefore, that sub-contractor is out of scope for the POCO calculation. Whether a primary contractor can exercise control even though it has a minority shareholding is a complex matter determined by the Companies Act. If there are any doubts about the status of a sub-contractor, you should state your assumptions in the notes under the table and if necessary, seek advice from Commercial Policy.
6	- **CSA (%)**: enter the Capital Servicing Adjustment for the prime and each subcontract.
7	- **Allowable costs**: this is the prime or sub-contract's Allowable Costs only i.e.. do not include the price of any sub-contracts (for the prime) or further sub-contracts below it (for a sub-contract) in the proposed contract structure. Exclude the sub-contractor's capital servicing allowance.
8	- **Total contract price**: enter the <u>aggregate</u> contract price of all other contracts that are not part of the group single source contract chain in the yellow box for SC3 (for level 1 subcontracts) and SC6 or SC9 (for level 2 sub-contracts) as appropriate to your circumstances. Note, these contracts could be group contracts that have been competitively let or non-group competitive and single source contracts, and therefore outside the scope for the POCO calculation (and as such they can be aggregated).
9	You should leave the yellow boxes blank where not required. When populating the table it is important that you verify each entry to ensure that the information you are providing is accurate.

DB5.3 POCO Template

Table to be populated

Key>>	Data Entry Cell		Automatic Formula		Entry not required						

	Prime	SC1	SC2	SC3	SC4	SC5	SC6	SC7	SC8	SC9
Group or non-group		n/a	n/a		n/a	n/a		n/a	n/a	
Sub-contract of...		n/a	n/a		n/a	n/a		n/a	n/a	
Single source/ group		n/a	n/a		n/a	n/a		n/a	n/a	
Required for POCO calculation>>		Not required	Not required		Not required	Not required		Not required	Not required	
Ownership (%)										
Profit Rate (%)										
CSA (%)										
Allowable Costs (£m)										
Total contract price (£m)										
Calculations | No input required>>										
£m										
Price SC1 (with profit)	0.00									
Price SC2 (with profit)	0.00									
Price SC3	0.00									
Price SC4 (with profit)		0.00								
Price SC5 (with profit)		0.00								
Price SC6		0.00								
Price SC7 (with profit)			0.00							
Price SC8 (with profit)			0.00							
Price SC9			0.00							
Total Allowable Costs	**0.00**	**0.00**	**0.00**							
Profit (Steps 1,2,4,5) exc. CSA	0.00	0.00	0.00		0.00	0.00		0.00	0.00	
CSA	0.00	0.00	0.00		0.00	0.00		0.00	0.00	
Price (incl profit on profit)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

User Input Cells
Automatic Formula ***Do not**
Information Only / Do not us

Add any relevant notes or assumptions here

POCO Proforma Supply Chain (for reference)

LEVEL 0

Prime Qualifying Defence Contract ("Prime")

Key:
In scope for calculation (proforma)
Out of scope for calculation (proforma)

LEVEL 1

Group Single Source Subcontract ("SC1")

Group Single Source Subcontract ("SC2")

All other Level 1 Subcontracts ("SC3")

LEVEL 2

Group Single Source Subcontract ("SC4")

Group Single Source Subcontract ("SC5")

All other Level 2 Subcontracts under SC1 ("SC6")

Group Single Source Subcontract ("SC7")

Group Single Source Subcontract ("SC8")

All other Level 2 Subcontracts under SC2 ("SC9")

DB6: INCENTIVE ADJUSTMENT

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DB6.1 Incentive Adjustment

BACKGROUND

Section 17 of the Defence Reform Act (DRA) gives the Secretary of State the power to award a contractor an incentive for enhanced performance over and above normal contracted performance. This is awarded by way of an adjustment to the Contract Profit Rate and must not exceed two percentage points.

As stated in the SSRO's *Guidance on the baseline profit rate* , the incentive adjustment is not automatic, or an entitlement, and will only be applied exceptionally for qualifying contracts. Where there is no requirement for enhanced performance, the incentive adjustment should be zero.

Note, the incentive adjustment is at the MOD's discretion. If discussions with the MOD to date have confirmed that an incentive adjustment is being considered, or will be awarded, or in the absence of such discussions, you consider an incentive adjustment to be appropriate for the proposed contract, you must complete this section. In doing so, you must state:

(i) the incentive adjustment that is being proposed (if applicable) or the incentive adjustment that you consider is appropriate for the proposed contract; and
(ii) details on how enhanced performance will being measured on the contract, including details of key KPIs.

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

B. Summary details

Column ref	1	2
	State whether the MOD has proposed an incentive adjustment for the contract?	*Select from drop down menu*
	If yes, please state the proposed incentive adjustment. This must agree to *DB1.1 QDC-QSC Price Summary* . Note, if the MOD hasn't proposed an incentive adjustment, this should remain at 0.00%	0.00%
	Please confirm the status of your discussions with the Authority. For example, has the incentive adjustment been confirmed or is the incentive adjustment still under discussion?	

C. Key performance metric(s) and KPI(s)

Statutory guidance states that an incentive adjustment **must** be awarded for delivering enhanced performance, and **must** also be based on a contracted performance metric.

The additional value delivered to the MOD through the achievement of incentivised elements must therefore be tangible and demonstrable. Furthermore, the link between the incentive adjustment and enhanced performance must be measurable and set objectively.

To the extent known at the time of completing this Databook, please provide further details of how it is expected that enhanced performance will be delivered on the contract over and above contracted performance. If the MOD has not proposed an incentive adjustment, but you consider one to be appropriate, please use the following table to set out clearly your reasons for proposing one. You should consider the SSRO principles of applying an incentive adjustment, as set out in its *Guidance on the Baseline Profit Rate and its adjustments* .

Column ref	3	4
	State the performance metric(s) that performance will be measured against?	
	State how the enhanced performance will be measured and demonstrated against the performance metric?	
	State how the benefit of enhanced performance will benefit the MOD. Note, the additional value delivered to the MOD through the achievement of incentivised elements must be tangible and demonstrable?	
	Confirm that you agree that the enhanced performance, and the criteria for achievement and payment will be clearly stated in the contract?	*Select from drop down menu*
	State the incentive adjustment that you consider appropriate for the contract based on the information provided above.	0.00%

DB7: CAPITAL SERVICING ADJUSTMENT

THIS SHEET IS LEFT BLANK INTENTIONALLY

DB7.1 Cost of Production

BACKGROUND

Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a QDC or QSC - this includes demonstrating that the Contract Profit Rate has been adjusted for CSA by an appropriate amount.

Section 20 of the DRA requires a contractor, when requested by MOD, to demonstrate that costs claimed are Allowable.

Please complete the Cost of Production pro-forma below if you do not have a CP:CE ratio or CSA agreed with the MOD. If you have an agreed CP:CE ratio or an agreed CSA for the contracting business unit, please proceed to *DB7.3 CSA Calculation* .

If you do not have an agreed CP:CE ratio, you should complete this worksheet to demonstrate the following:

(i) The source data on which the Cost of Production has been based;
(ii) The adjustments that you have made to arrive at a Cost of Production figure before any exclusions that are required to comply with the SSRO's *Single Source Cost Standards - Statutory Guidance on Allowable Costs* in force at the time the contract is placed; and
(iii) Details of items that you have excluded in order to comply with the SSRO Statutory Guidance (and where no exclusion has been made, confirmation that the base data does not include such costs)

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

Enter the period for which the Cost of Production is being calculated (NB this MUST be for a 12 month period)
Start date >>

B. Data

Reconciliation table
Enter data for Cost of Production that you have used in the CSA calculation

Column ref	1
Cost of sales per statutory / management accounts	
Adjusting items to arrive at Cost of Production:	
a. e.g. movement in work-in-progress and finished goods	
b. [ ]	
c. [ ]	
d. [ ]	
e. [ ]	
Cost of Production before exclusion of costs per SSRO Statutory Guidance	-
Total excluded costs per SSRO Statutory Guidance *(NB this must agree to the table below)*	-
Cost of Production to be used in CSA calculation	-

Excluded costs table

Enter details of costs that you have excluded (as per the SSRO Statutory Guidance) from Cost of Production

Where no adjustment has been made, you are confirming that in your opinion there are no disallowed costs in this category.

Column ref	4	5
Costs excluded from Cost of Production **(as per the SSRO Statutory Guidance)**	**Excluded (£)**	**Notes on the Disallowed costs** **Where adjustment is 'zero' you are confirming that in your opinion there are no disallowed costs in this category**
Capital Expenditure		
Cost of raising / servicing loan capital		
Distribution of profits		
Notional transactions		
Costs relating to assets excluded from Capital Employed		
Discounts allowed on external sales		
Any loss arising either from an excess or deductible provision of a purchased insurance that arises from an MOD claim		
The cost of premiums and payments for insurance which cover:		
i. that element of consequential loss insurance that relates to loss of profit: and		
ii. The contractor's own defects in materials or workmanship incidental to the normal course of construction, such as the costs		
Compensation payments of an abnormal nature to the extent that they are excluded from overheads		
Lump sum additions to pension schemes to the extent that they are excluded from overheads		[e.g. Pension lump sum additions]
Subscriptions and donations of a political or charitable nature		
Credits, grants or refunds deducted from overheads		
Any other cost not considered Allowable under the guidance published by the SSRO		[e.g. Sales and Marketing]
[Additional rows to be used where necessary]		
[Additional rows to be used where necessary]		
[Additional rows to be used where necessary]		
[Additional rows to be used where necessary]		
[Additional rows to be used where necessary]		
[Additional rows to be used where necessary]		
[Additional rows to be used where necessary]		
	-	*NB This total must agree to the reconciliation table above*

Note: The above exclusions have been taken from the SSRO Guidance on Adjustments to the Baseline Profit Rate - March 2016. It is your responsibility to ensure that your Cost of Production data above complies with the current guidance. If at the time you complete this proforma the SSRO has updated the guidance you should amend this sheet accordingly.

C. Step by step guide on how to complete the template

Step Number	Step	Date	Initials	Notes
A: General Details				
a	The General Details should have been pre-populated from the data that you entered on *DB1.1 QDC-QSC Price Summary* . If not please complete.			
b	Enter the period for which the Cost of Production is being calculated. This MUST be a 12 month period.			
B: Data - Reconciliation Table				
c	Enter the figure for the Cost of Sales for the 12 month period that you are using to calculate the CP:CE ratio. This figure should be derived directly from a recognised source such as audited accounts.			
d	Enter a description and the value of items required to adjust Cost of Sales to Cost of Production. In the example data this is the movement in work in progress and finished goods but add additional items if needed. Include notes in column 3 as necessary. Add or remove rows as necessary.			
B: Data - Excluded Costs Table				
e	In this table enter the costs that you are excluding from Cost of Production in accordance with the latest SSRO Statutory Guidance on adjustments to the baseline profit rate. Note that the proforma has been based on the statutory guidance in force at the time the proforma was created. If you are using a later version of the statutory guidance you should amend the table in line with this version.			
f	Note that in **column 6** where the adjustment is 'zero', you are confirming that in your opinion no exclusions are necessary as the base cost does not include costs under this category.			
g	Ensure that the total value of exclusions agrees to the total in the reconciliation table in Section B			

DB7.2 Capital Employed

BACKGROUND

Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a QDC or QSC - this includes demonstrating that the Contract Profit Rate has been adjusted for CSA by an appropriate amount.

Section 20 of the DRA requires a contractor, when requested by MOD, to demonstrate that costs claimed are Allowable.

Please complete the Capital Employed pro-forma below if you do not have a CP:CE ratio or CSA agreed with the MOD. If you have an agreed CP:CE ratio or an agreed CSA for the contracting business unit, please proceed to *DB7.3 CSA Calculation* .

If you do not have an agreed CP:CE ratio, you should complete this worksheet to demonstrate the following:

(i) The source data on which the Capital Employed has been based (NB the period **MUST** be the same as that used in the calculation of *DB 7.1 Cost of Production*);
(ii) Details of items that you have excluded in order to comply with the SSRO's Single Source Cost Standards - Statutory Guidance on Allowable Costs in force at the time the contract is placed; and
(iii) How you have analysed the average balance sheet between Capital Employed and Assets Representing Capital Employed.

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

B. Data

1   Opening Balance Sheet   Date   [ ]

Cost Category	Opening Balance Sheet	Exclusions or adjustments
	£	£
Fixed Assets		
2 Land and Buildings		-
3 Plant and Machinery		-
4 Other		-
Sub-total Fixed Assets	-	-
Working Capital		
5 Stock and WIP		-
6 Debtors		-
7 Prepayments		-
8 Trade Creditors		-
9 Accruals		-
10 Advance Payments		-
11 Cash		-
12 Other		-
Sub-total Working Capital	-	-
TOTAL ASSETS	-	-
Share Capital and Reserves		
13 Ordinary Shares		-
14 Profit and Loss Account		-
15 Other		-
Long Term Finance		
16 Loans		-
17 Other		-
TOTAL SHARE CAPITAL AND RESERVES	-	-
Check		OK

Closing Balance Sheet   [ ]

Cost Category	Closing Balance Sheet	Exclusions or adjustments	Adjusted Closing Balance Sheet
		£	£
Fixed Assets			
Land and Buildings			-
Plant and Machinery			-
Other			-
Sub-total Fixed Assets	-	-	-
Working Capital			
Stock and WIP			-
Debtors			-
Prepayments			-
Trade Creditors			-
Accruals			-
Advance Payments			-
Cash			-
Other			-
Sub-total Working Capital	-	-	-
TOTAL ASSETS	-	-	-
Share Capital and Reserves			
Ordinary Shares			-
Profit and Loss Account			-
Other			-
Long Term Finance			
Loans			-
Other			-
TOTAL SHARE CAPITAL AND RESERVES	-	-	-
Check			OK

Average Balance Sheet

Cost Category	Average Adjusted Balance Sheet	Capital Employed	Assets Representing Capital Employed
	£	£	£
Fixed Assets			
Land and Buildings	-		
Plant and Machinery	-		
Other	-		
Sub-total Fixed Assets	-	-	-
Working Capital			
Stock and WIP	-		
Debtors	-		
Prepayments	-		
Trade Creditors	-		
Accruals	-		
Advance Payments	-		
Cash	-		
Other	-		
Sub-total Working Capital	-		
TOTAL ASSETS	-	-	-
Share Capital and Reserves			
Ordinary Shares	-		
Profit and Loss Account	-		
Other	-		
Long Term Finance			
Loans	-		
Other	-		
TOTAL SHARE CAPITAL AND RESERVES	-	-	-

Column 1 2

Exclusions or adjustments from Capital Employed in Opening Balance Sheet	£	Notes on the Disallowed costs. Where adjustment is 'zero' or left blank you are confirming that in your opinion there are no disallowed costs in this category	Exclusions or adjustments from Capital Employed in Closing Balance Sheet	£	Notes on the Disallowed costs. Where adjustment is 'zero' or left blank you are confirming that in your opinion there are no disallowed costs in this category
Goodwill		[Details of exclusion]	Goodwill		[Details of exclusion]
Adverse (debit) balances in retained earnings		[Details of exclusion]	Adverse (debit) balances in retained earnings		[Details of exclusion]
Investments in shares and securities		[Details of exclusion]	Investments in shares and securities		[Details of exclusion]
Shares held in and permanent loans to subsidiary companies		[Details of exclusion]	Shares held in and permanent loans to subsidiary companies		[Details of exclusion]
Cash demonstrably surplus to requirements		[Details of exclusion]	Cash demonstrably surplus to requirements		[Details of exclusion]
Capital not employed efficiently		[Details of exclusion]	Capital not employed efficiently		[Details of exclusion]
Certificates of tax deposit		[Details of exclusion]	Certificates of tax deposit		[Details of exclusion]
Advance Payments		[Details of exclusion]	Advance Payments		[Details of exclusion]
Other		[Details of exclusion]	Other		[Details of exclusion]
Total Exclusions	-		**Total Exclusions**	-	

Check total agrees to Section B above   OK   OK

Note: The above exclusions have been taken from the SSRO Guidance on adjustments to the Baseline Profit Rate - March 2016. It is your responsibility to ensure that your CP data above complies with the current guidance. If at the time you complete this proforma the SSRO has updated the guidance you should amend this sheet accordingly.

C. Step by step guide on how to complete the template

Step Number	Step	Date	Initials	Notes
A: General Details				
a	The General Details should have been pre-populated from the data that you entered on *DB1.1 QDC-QSC Price Summary* . If not please complete.			
B: Data: Balance Sheets				
b	**Opening and Closing Balance Sheets** Enter values for the opening and closing balance sheets. These must be the balance sheets at the start and end of the period used in the calculation of *DB7.1 Cost of Production*			
c	**Opening and Closing Balance Sheets** Enter exclusions or adjustments to the balance sheets in order to comply with the latest SSRO Statutory Guidance on Adjustments to the Baseline Profit Rate.			
d	**Average Balance Sheet** The average balance sheet is automatically calculated as a simple average of the Adjusted Opening and Closing Balance sheets. As per the SSRO guidance you must categorise this average balance sheet into: (i) Capital Employed; and (ii) Assets representing Capital Employed.			
C: Data: Exclusions				
e	In this section please provide details of the adjustments you have made to the opening and closing balance sheets in order that they comply with the latest SSRO Statutory Guidance. Note that the proforma has been based on the statutory guidance in force at the time the proforma was created. If you are using a later version of the statutory guidance you should amend the table in line with this version.			

DB7.3 CSA Calculation

BACKGROUND

Section 23 of the Defence Reform Act (DRA) requires a contractor to keep relevant records in order for MOD to verify any matter relating to the price payable under a QDC or QSC - this includes demonstrating that the Contract Profit Rate has been adjusted for a Capital Service Adjustment (CSA) by an appropriate amount.

Section 20 of the DRA requires a contractor, when requested by MOD, to demonstrate that costs claimed are Allowable.

Please complete the CSA calculation proforma below (part C & D) if you do not have a CSA agreed with the MOD. If you have an agreed CSA for the contracting business unit, please complete part B below only.

If you do not have an agreed CSA, you should complete part C & D below to demonstrate the following:

(i) That your calculation of the CSA is arithmetically correct;
(ii) That your calculation of the CSA is based on either (a) your calculation of Cost of Production (DB7.1) and Capital Employed (DB7.2) after exclusions required under the SSRO's *Single Source Cost Standards - Statutory Guidance on Allowable Costs* in force at the time the contract is placed, or (b) on an agreed CP:CE ratio with the MOD; and
(iii) That you have used the current Capital Servicing Rates in calculating the CSA.

A. General details

Contractor	0
Contractor unit	0
Contract name	0
Date of assessment	
Name of person(s) completing worksheet	
Position in company	

B. Agreed Capital Servicing Adjustment

If you have an agreed CSA for the contracting business unit for the financial year in which the proposed contact will be placed, please confirm this in the table below. This will typically be where a CSA has been agreed for a particular period as part of a separate single source contract placed in the current year:

Agreed Capital Servicing Adjustment (CSA)		Notes (if required)
Capital Servicing Adjustment (to be used in Step 6 of CPR)	**6.52%**	
Name of contract for which the CSA was agreed		
Date of contract award		

C. Data

1	**QBU/Contractor: [ ]**		
2	**Period under Review: [Date] to [Date]**		
	Input Section for Capital Servicing Rates		
3	Fixed capital servicing rate	**5.94%**	i
4	Positive working capital servicing rate	**1.72%**	ii
5	Negative working capital servicing rate	**1.03%**	iii
	Computation 1 - Determine Ratio of Capital Employed versus Cost of Production		
6	Fixed capital cost		A
7	Working capital cost (positive or negative)		B
	Total Capital Employed	£0	C =A+B
8	Cost of production		D
	Cost of Production as a Proportion of Capital Employed (CP:CE)	#DIV/0!	E =D/C

Computation 2 - Determine the individual Proportions of Total Capital Employed		
Fixed capital as a proportion of capital employed	#DIV/0!	**F** =A/C
Working capital as a proportion of capital employed (positive)	#DIV/0!	**G** =B/C
Working capital as a proportion of capital employed (negative)	#DIV/0!	**H** =B/C
Computation 3 - Apply Capital Servicing Rates		
Fixed capital servicing allowance	#DIV/0!	=F x i
Positive working capital servicing allowance	#DIV/0!	=G x ii
Negative working capital servicing allowance	#DIV/0!	=H x iii
Capital Servicing Allowance	#DIV/0!	**X** =F+G+H
Computation 4 - Calculate the Capital Servicing Adjustment for Step 6		
Capital Servicing Adjustment (to be used in Step 6 of CPR)	**#DIV/0!**	=X/E

D. Step by step guide on how to complete the template set out above

Step Number	Step	Date	Initials	Notes
A: General Details				
a	The General Details should have been pre-populated from the data that you entered on DB1.1: QDC-QSC Price Summary. If not please complete.			
B: Data				
b	**Row 1** - Enter the name of the QBU/Contractor Unit			
c	**Row 2** - Enter the dates of the period under review			
d	**Row 3 -** Enter the percentage for the Fixed Capital Servicing Rate. This is published by the SSRO on an annual basis in March, for the following financial year. The table is pre-populated with the rate applicable for the FY17/18 financial year.			
e	**Row 4 -** Enter the percentage for the Working Capital Servicing Rate (Positive). This is published by the SSRO on an annual basis in March, for the following financial year. The table is pre-populated with the rate applicable for the FY17/18 financial year.			
f	**Row 5 -** Enter the percentage for the Working Capital Servicing Rate (Negative). This is published by the SSRO on an annual basis in March, for the following financial year. The table is pre-populated with the rate applicable for the FY17/18 financial year.			
g	**Row 6 -** Enter the Fixed Capital Cost: - if you do not have a CP:CE ratio agreed with the MOD, and have therefore populated DB7.1 and DB7.2, the figure you enter here must agree to the analysis you have provided in *DB7.2 Capital Employed* - if you have a CP:CE ratio agreed with the MOD, the figure you enter here must agree to the Capital Employed figure used to calculate the agreed CP:CE ratio			
h	**Row 7 -** Enter the Working Capital Cost: - if you do not have a CP:CE ratio agreed with the MOD, and have therefore populated DB7.1 and DB7.2, the figure you enter here must agree to the analysis you have provided in *DB7.1 Cost of Production* - if you have a CP:CE ratio agreed with the MOD, the figure you enter here must agree to the Cost of Production figure used to calculate the agreed CP:CE ratio Values should be positive or negative in accordance with your analysis.			
i	**Row 8 -** Enter the Cost of Production. This must agree to the analysis you have provided in *DB7.1 Cost of Production.*			