



## QDC Contractor Databook Instructions V4.3

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It is recommended that these instructions are understood prior to filling out the Databook.

“You” in this document refers to the relevant Contractor personnel responsible for completing the Databook.

### Important Notes

This Databook is to be completed as prescribed in the step by step guide at the bottom of each tab. Note that the Key in the Databook Overview tab shows which cells should be manually completed, which cells should not be used, and which should populate automatically.

Use of the Databook as part of a Tender will **not** produce MOD agreed rates for a Business Unit, although it could inform or supplement a future rates assessment. Analysis of the Databook will enable the relevant Commercial Officer to better assess if the Price Proposal is compliant with the Single Source Contract Regulations (SSCR).

It is acknowledged that you may need to tailor parts of the Databook, 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 Officer identified in the ITT/ITN 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.

The latest guidance on Allowable Costs and Profit Rate for QDCs and QSCs can be found on the SSRO website - <https://www.gov.uk/government/organisations/single-source-regulations-office>

Submission of a completed Databook does not guarantee that further information will not be required to confirm Bid Compliance with the SSCRs. MOD reserves the right to request further information as necessary.

The CP:CE ratio should be calculated using the latest available completed accounts (Income Statement and Balance Sheet). Use of forecast data is atypical for a CSA calculation.

## DB1.1 QDC-QSC Price Summary

**For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.**

Step	Description
<b>1. General Details</b>	
<b>a.</b>	Complete the table 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>2. Data</b>	
<b>b.</b>	<b>Total Allowable Costs</b> This will automatically populate based on the Total Allowable Costs for the contract entered in the breakdown you provide in DB2.1 Allowable Cost Breakdown. If not please complete.
<b>c.</b>	<b>CPR Step 1.</b> 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.
<b>d.</b>	<b>CPR Step 2.</b> Enter any proposed adjustment to the BPR for risk not already covered under the proposal's cost element, entering a value between $\pm 25\%$ . This value is automatically translated to the Cost Risk Adjustment in the CPR, and will populate the Cost Risk Adjustment in DB4.1 Cost Risk Adjustment, where a justification for any negative or positive adjustment must be provided.
<b>e.</b>	<b>CPR Step 3.</b> This cell should populate from your entry in DB5.1 POCO Summary where any the negative POCO Adjustment should be entered.
<b>f.</b>	<b>CPR Step 4.</b> 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 value (%) should be a negative as it is a deduction.
<b>g.</b>	<b>CPR Step 5.</b> This cell should populate from the applicable cell in DB6.1 Incentive Adjustment. The Incentive Adjustment should be 0% unless you have already agreed a value with MOD.
<b>h.</b>	<b>CPR Step 6.</b> This cell should populate from the computation in DB7 CSA worksheets.
<b>i.</b>	Please ensure that the Proposed Contract Price (£) agrees to your proposal.

## DB2.1 Allowable Cost Breakdown

**For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.**

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.

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.

Step	Description
<b>1. General Details</b>	
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>2. Data</b>	
b.	<p>Complete <b>Column 1</b> 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).</p> <p>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.</p> <p>Costs included in this breakdown must only be costs that are Allowable under the SSRO's <i>Statutory Guidance on Allowable Costs</i> in force at the time the contract is placed. Note, this includes direct and indirect costs.</p>
c.	Enter the estimated allowable direct labour hours for the relevant Hourly Recovery Rate Pools in <b>Column 2</b> .
d.	<p>Enter the Hourly Recovery Rate for each relevant pool in <b>Column 3</b>.</p> <p>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 <i>DB3.1 Est Rates Calc Cur. Year</i> (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.</p> <p>If you do not have agreed rates, we recommend you complete <i>DB3 Recovery Rates</i> first, and then populate this worksheet.</p>
e.	<b>Column 4</b> is a calculation only column showing the cost of Labour/Overhead (Column 2 x Column 3).

<b>f.</b>	Enter material cost in <b>Column 5</b> .
<b>g.</b>	Enter subcontract cost in <b>Column 6</b> .
<b>h.</b>	Enter the Other Direct Costs for the relevant categories in <b>Column 7</b> . This may include costs such as consultancy costs charged direct to the contract, equipment hire etc.
<b>i.</b>	<b>Column 8</b> is a calculation only column showing Total Cost (Sum of columns 4,5,6 and 7)
<b>j.</b>	Where necessary include explanatory notes in <b>Column 9</b> .
<b>k.</b>	<p>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.</p> <p>You will be required to set out the basis of calculation for these % Uplifts in <i>DB3.1 Est Rates Calc Cur. Year</i> 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 <b>Column 3</b>. You do not need to complete the <i>DB3.1 Est Rates Calc Cur. Year</i> worksheet.</p>
<b>l.</b>	The Total Allowable Cost must agree to the Total Allowable Cost that you have entered in the <i>DB1.1 QDC-QSC Price Summary</i> worksheet.

## DB3.1 Est. Rates Calc Cur. Year

**For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.**

This worksheet enables you to 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 tender for the QDC in question.

Where necessary please amend the proforma to suit the circumstances of your costing methodology. Please note that some of the formulae will change with the addition/exclusion of extra columns.

Please note 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 (currently at line 60) to indicate those rates used to price this QDC.

Step	Description
<b>1. General Details</b>	
<b>a.</b>	With the exception of the Accounting Period, the General Details should have been pre-populated from the data that you entered in <i>DB1.1 QDC-QSC Price Summary</i> . If not, please complete.
<b>2. Data</b>	
<b>b.</b>	Complete <b>Column 1</b> 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.
<b>c.</b>	Enter the profit and loss amount for each of the categories in <b>Column 2</b> .  Enter costs as positive figures and income as negative figures.  The total in <b>Column 2</b> should equal <i>Profit before Tax</i> as per the approved company budget / forecast.
<b>d.</b>	Enter adjustments in <b>Column 3</b> to eliminate items that are not elements of Cost of Production, for example sales or movements in work-in-progress and finished goods.

e.	<b>Column 4</b> will automatically calculate Cost of Production prior to Disallowed costs.
f.	Enter any Disallowed costs in <b>Column 5</b> (based on the SSRO's Statutory Guidance on Allowable Costs in force at the time the contract is placed).  Please also ensure that you complete <i>DB3.3 Disallowed costs Cur. Yr.</i> to provide additional detail on any disallowances you have made.
g.	<b>Column 6</b> will automatically calculate Total Allowable Cost of Production
h.	Enter in <b>Column 7</b> any costs that are <u>not</u> being recovered through recovery rates. For example, direct material and bought out direct costs.
i.	<b>Column 8</b> will automatically calculate Allowable Costs to be recovered through recovery rates.
j.	Use <b>Columns 9a - 9e</b> (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.	<b>Column 10</b> 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 <b>Columns 11-12</b> 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). <b>Please take care when updating formulae to reflect the amendments and detail these changes in the notes column to the right.</b>
m.	<b>Column 13</b> will automatically calculate Total Allowable Cost of Production
n.	<b>Column 14</b> 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.
o.	Enter any relevant notes for clarification in <b>Column 15</b> (for example the rationale for the basis of allocation across recovery rate pools).
p.	<b>Row A</b> will automatically be updated from the direct labour hours entered in <i>DB3.2 Dir. Labour Hrs Cur. Yr.</i> 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 <i>DB3.2 Dir.Labour Hrs Cur. Yr</i> 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 <i>DB3.2 Dir.Labour Hrs Cur. Yr</i>
q.	<b>Row B</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

<b>r.</b>	In <b>Row C</b> 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.
<b>s.</b>	<b>Row D</b> will automatically calculate the uplift percentages
<b>t.</b>	<b>Row E</b> - Select Yes/No from the drop down box to identify which hourly recovery rates have been used in your pricing proposal for the QDC. Please detail the reasons for any no selections in the notes column to the right.

## DB3.2 Dir. Labour Hrs Cur. Yr

For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.	
The calculated labour hours will directly link to DB3.1 Est.Rates Calc Cur.Year.	
Step	Description
<b>1. General Details</b>	
a.	With the exception of the Accounting Period, the General Details should have been pre-populated from the data that you entered on <i>DB1.1 QDC-QSC Price Summary</i> . If not please complete.
<b>2. Data</b>	
b.	Enter the name of each recovery rate pool in <b>Column 1</b> . These must be consistent with the hourly recovery rate pools used in columns 9a to 9e on worksheet <i>3.1 Est.Rates Calc Cur.Year</i>
c.	Enter the estimated number of weeks per head in the period in <b>Column 2</b> . 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 <b>Column 3</b> . In most cases, this will be based on a 5-day working week
e.	Enter the standard number of working days within a week in <b>Column 4</b>
f.	Enter the estimated average number of full-time direct heads in <b>Column 5</b>
g.	Enter the estimated average number of part time direct heads (on an Full Time Employee (FTE) basis) in <b>Column 6</b>
h.	Enter the estimated average number of direct apprentices (on an FTE basis) in <b>Column 7</b>
i.	<b>Column 8</b> will automatically calculate the estimated average total direct heads. This will include full time staff, part time staff and apprentices.
j.	<b>Column 9</b> 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
k.	Enter the number of statutory holiday days during the period in <b>Column 10</b> . This should include Bank Holidays, Easter, Christmas, etc. In most cases, this will 8 days
l.	<b>Column 11</b> will automatically convert the statutory holiday days per person to the estimated total statutory holiday hours for all staff.
m.	Enter the number of estimated annual leave days available to staff as per the company policy in <b>Column 12</b>

<b>n.</b>	<b>Column 13</b> will automatically convert the annual leave days per annum per person to the estimated total annual leave hours for all staff.
<b>o.</b>	<b>Column 14</b> will automatically calculate the estimated total basic attendance hours, excluding holiday hours.
<b>p.</b>	Enter the estimated staff sick and absent percentage in <b>Column 15</b>
<b>q.</b>	<b>Column 16</b> will automatically convert this to the estimated sick and absent hours based on the percentage entered in <b>Column 15</b>
<b>r.</b>	Enter the estimated total staff overtime hours in <b>Column 17</b> (note, this is the total number of overtime hours for all staff)
<b>s.</b>	<b>Column 18</b> will automatically calculate the estimated total direct attendance hours. This will not include sick and absent hours but will include overtime hours
<b>t.</b>	Enter the estimated diverted indirect percentage in <b>Column 19</b> .  This will include any time on diversions such as training, team events, meetings, etc. Please provide full definition of categories included, supporting analysis, and your calculation of the percentage, separately. There should be no cross over between sick/absences and diversions.
<b>u.</b>	<b>Column 20</b> will automatically calculate the estimated diverted indirect hours based on the percentage entered in <b>Column 19</b>
<b>v.</b>	<b>Column 21</b> will automatically calculate the estimated direct labour hours
<b>w.</b>	<b>Columns 22-28</b> will automatically calculate benchmark percentages

### DB3.3 Disallowed Costs Cur. Yr

**For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.**

This worksheet enables you 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.

Step	Description
<b>1. General Details</b>	
<b>a.</b>	Please enter the Accounting Period. The General Details should be pre-populated from the data that you entered on <i>DB1: QDC-QSC Price Summary</i> . If not, please complete.
<b>2. Data</b>	
<b>b.</b>	<b>Column 1</b> is pre-populated with the categories of disallowed costs set out in the latest Allowable Cost guidance at the time the spreadsheet was created i.e. those issued by the SSRO to apply from April 2020. If at the time of completion of this Databook there is later version of the guidance, please amend <b>Column 1</b> accordingly.
<b>c.</b>	Under each category of disallowed cost, enter the disallowed full value in <b>Column 2</b> where appropriate. Please do not enter in thousands or millions.  Where adjustment is 'zero' or left blank you are stating that in your opinion there are no disallowed costs in this category.
<b>d.</b>	In <b>Column 3</b> please 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
<b>e.</b>	The total figure in <b>Column 2</b> must agree to the Disallowed costs <b>Column 5</b> in <i>DB3.1 Est.Rates Calc Cur. Year</i>
<b>f.</b>	Confirm the CHECK cell at the foot of <b>Column 2</b> is zero. This checks against the total disallowed costs in <i>DB3.1 Est.Rates Calc Cur. Year</i>  Investigate if the total in the CHECK cell does not sum to zero

## DB4.1 Cost Risk Adjustment

**For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.**

The Baseline Profit Rate (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 Profit Rate (CPR).

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

This worksheet enables you to set out:

- (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 latest 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).

Step	Description
<b>1. General Details</b>	
<b>a.</b>	The General Details should be pre-populated from the data that you entered on <i>DB1: QDC-QSC Price Summary</i> . If not, please complete.
<b>2. Regulated Pricing Method and Cost Risk Adjustment</b>	
<b>b.</b>	Confirm the proposed pricing method for the contract, or for that element of the contract that this Databook covers
<b>c.</b>	State your proposed adjustment to the BPR and include your justification for your proposal
<b>3. Disclosures</b>	
<b>d.</b>	Complete the table 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.
<b>4. Risks influencing your proposed cost risk adjustment and other key assumptions</b>	
<b>e.</b>	In the table provided, 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.
<b>f.</b>	In the table provided, state any other assumptions you have made in calculating the cost risk adjustment in the price proposal.

<b>g.</b>	Add additional rows to the table 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.
<b>5. Calculation</b>	
<b>h.</b>	<p>If you have adopted a mathematical approach to calculate the cost risk adjustment applicable to the contract, please either:</p> <ul style="list-style-type: none"> <li>(1) adapt this section or Databook to include a copy of your calculation; or</li> <li>(2) include a copy of your calculation as a separate document, and submit it with your completed Databook.</li> </ul>

## DB5.1 POCO Summary

**For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.**

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.

Step	Description
<b>1. General Details</b>	
<b>a.</b>	The General Details should have been pre-populated from the data that you entered in <i>DB1.1 QDC-QSC Price Summary</i> . If not, please complete.
<b>2. Data - POCO Adjustment</b>	
<b>b.</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.
<b>c.</b>	<p>For <b>B1</b>, select whether you consider a POCO adjustment to be necessary for the contract. If you have selected 'Yes', please proceed to <b>B2</b>.</p> <p>If 'No' is selected for <b>B1</b>, please confirm in the notes to the right whether this is because:</p> <ul style="list-style-type: none"> <li>(i) there are no group single source subcontracts in the proposed contract structure; <b>or</b></li> <li>(ii) you have applied a zero profit rate to all group single source sub-contracts in the unbroken element of the supply chain; <b>or</b></li> <li>(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.</li> </ul> <p>Provide further details if necessary.</p>
<b>d.</b>	If you have selected 'Yes' for <b>B1</b> , you should have calculated the POCO adjustment. If this is not the case, please state your reasons in the right-hand column.

<b>e.</b>	If you have selected 'Yes' for <b>B2</b> , please confirm your proposed POCO adjustment in <b>B3</b> .
<b>3. POCO Adjustment Contract Structure Proforma</b>	
<b>f.</b>	<p>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.</p> <p>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 <i>DB5.2 POCO Template Notes</i>, and complete <i>DB5.3 POCO Template</i>.</p>

### DB5.2 POCO Template Notes

<b>For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.</b>	
Step	Description
<b>Overview</b>	
<b>1.</b>	If a POCO adjustment is applicable to your contract and the proposed contract structure fits the proforma set out on <i>DB5.1 POCO Summary</i> and <i>DB5.3 POCO Template</i> , then you must complete <i>DB5.3 POCO Template</i> . The notes on this page provide instructions on how to populate the template.
<b>2.</b>	The template on <i>DB5.3 POCO Template</i> 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.
<b>3.</b>	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.
<b>Determining whether a subcontract is in scope for POCO</b>	
<b>4.</b>	<p>Populate the first three lines of the table in <i>DB5.3 POCO Template</i> using the drop-down options. This will automatically populate the fourth line, which confirms whether the subcontractor should be included in the calculation i.e. in scope for POCO (group, single source sub-contracts only).</p> <p>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.</p>
<b>Complete the input cells in light-yellow:</b>	

5.	<p>- <b>Ownership:</b> 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.:</p> <ul style="list-style-type: none"> <li>- if the group owns 48% of the sub-contractor but 'controls' it then enter 48%; alternatively</li> <li>- if the group owns 48% of the sub-contractor and does not control it then enter 0%.</li> </ul> <p>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 the Commercial Officer named in the ITT/ITN.</p>
6.	<p>- <b>CSA (%):</b> enter the Capital Servicing Adjustment for the prime and each subcontract.</p>
7.	<p>- <b>Allowable costs:</b> 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.</p>
8.	<p>- <b>Total contract price:</b> 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).</p>
9.	<p>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.</p>

### DB5.3 POCO Template

Complete as required per DB5.2 POCO Template Notes

## DB6.1 Incentive Adjustment

**For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.**

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 be measured on the contract, including details of key KPIs.

Step	Description
<b>1. General Details</b>	
<b>a.</b>	The General Details should have been pre-populated from the data that you entered in <i>DB1.1 QDC-QSC Price Summary</i> . If not, please complete.
<b>2. Summary Details</b>	
<b>b.</b>	State whether the MOD has proposed an incentive adjustment for the contract? If 'No' and you do not wish to propose an incentive adjustment, please move to DB7.1 Cost of Production. However if you do wish to propose an incentive adjustment, please complete Section C of this worksheet.
<b>c.</b>	If yes, please state the proposed incentive adjustment.
<b>d.</b>	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?
<b>3. Key performance metric(s) and KPI(s)</b>	
<b>e.</b>	To the extent known at the time of completing the 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 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 <i>Guidance on the Baseline Profit Rate and its adjustments</i> .

## DB7.1 Cost of Production

**For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.**

This worksheet enables you to set out:

- (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).

**The below steps assume you do not have a CSA agreed with the MOD for the financial year in which the proposed contact will be placed. If you have an agreed CSA for the contracting business unit and relevant financial year, please complete part B of DB7.3 CSA Calculation only.**

Please note that exclusions must be deducted or included as negatives in the Reconciliation Table to reduce the Cost of Production.

The CP:CE ratio should be calculated using the latest available completed accounts (Income Statement and Balance Sheet). Use of forecast data is atypical for a CSA calculation.

Step	Description
<b>1. General Details</b>	
<b>a.</b>	The General Details should have been pre-populated from the data that you entered on <i>DB1.1 QDC-QSC Price Summary</i> . If not, please complete.
<b>b.</b>	Enter the period for which the Cost of Production is being calculated. This <b>MUST</b> be a 12 month period.
<b>2. Data - Reconciliation Table</b>	
<b>c.</b>	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. Please provide reference in the notes section to the right to the specific source(s) that should be requested by MOD should further evidence be required.
<b>d.</b>	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 <b>Column 3</b> as necessary.  Add or remove rows as necessary.
<b>3. Data - Excluded Costs Table</b>	

<b>e.</b>	<p>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.</p> <p>Note that the proforma has been based on the <i>SSRO Guidance on the Baseline Profit Rate and its adjustment 2020/21</i>. If you are using a later version of the statutory guidance you should amend the table in line with this version.</p>
<b>f.</b>	Note that in <b>Column 4</b> where the adjustment is 'zero', you are stating that in your opinion no exclusions are necessary as the base cost does not include costs under this category.
<b>g.</b>	Ensure that the total value of exclusions agrees to the total in the reconciliation table in Section B

## DB7.2 Capital Employed

<p><b>For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.</b></p>	
<p>This worksheet enables you to set out:</p> <p>(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);</p> <p>(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</p> <p>(iii) How you have analysed the average balance sheet between Capital Employed and Assets Representing Capital Employed.</p> <p><b>The below steps assume you do not have a CSA agreed with the MOD for the financial year in which the proposed contract will be placed. If you have an agreed CSA for the contracting business unit and relevant financial year, please complete part B of DB7.3 CSA Calculation only.</b></p>	
<p>The CP:CE ratio should be calculated using the latest available completed accounts (Income Statement and Balance Sheet). Use of forecast data is atypical for a CSA calculation.</p>	
Step	Description
<b>1. General Details</b>	
<b>a.</b>	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>2. Data: Balance Sheets</b>	
<b>b.</b>	<p><b>Opening and Closing Balance Sheets</b></p> <p>Enter values for the opening and closing balance sheets. Values should be positive or negative figures as applicable. These must be the balance sheets at the start and end of the period used in the calculation of <i>DB7.1 Cost of Production</i></p>

c.	<p><b>Opening and Closing Balance Sheets</b></p> <p>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.</p>
d.	<p><b>Average Balance Sheet</b></p> <p>The average balance sheet is automatically calculated as a simple average of the Adjusted Opening and Closing Balance sheets.</p> <p>As per the SSRO guidance you must categorise this average balance sheet into:</p> <p>(i) Capital Employed; and</p> <p>(ii) Assets representing Capital Employed.</p>
<b>3. Data: Exclusions</b>	
e.	<p>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.</p> <p>Note that the proforma has been based on <i>SSRO Guidance on the Baseline Profit Rate and its adjustment 2020/21</i>. If you are using a later version of the statutory guidance you should amend the table in line with this version.</p>

### DB7.3 CSA Calculation

**For each step, the individual responsible for completion should insert the date, their initials and relevant notes at the bottom of the page.**

This worksheet enables you to demonstrate:

- (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 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.

**The below steps assume you do not have a CSA agreed with the MOD for the financial year in which the proposed contract will be placed. If you have an agreed CSA for the contracting business unit and relevant financial year, please complete part B of DB7.3 CSA Calculation only.**

The CP:CE ratio should be calculated using the latest available completed accounts (Income Statement and Balance Sheet). Use of forecast data is atypical for a CSA calculation.

Step	Description
<b>1. General Details</b>	
<b>a.</b>	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>2. Data</b>	
<b>b.</b>	<b>Row 1</b> - Enter the name of the QBU/Contractor Business Unit
<b>c.</b>	<b>Row 2</b> - Enter the dates of the period under review
<b>d.</b>	<b>Row 3</b> - 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 current financial year.
<b>e.</b>	<b>Row 4</b> - 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 current financial year.
<b>f.</b>	<b>Row 5</b> - 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 current financial year.
<b>g.</b>	<p><b>Row 6</b> - Enter the Fixed Capital Cost:</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- 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</li> </ul>
<b>h.</b>	<p><b>Row 7</b> - Enter the Working Capital Cost:</p> <ul style="list-style-type: none"> <li>- 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 <i>DB7.1 Cost of Production</i></li> <li>- 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</li> </ul> <p>Values should be positive or negative in accordance with your analysis.</p>
<b>i.</b>	<b>Row 8</b> - Enter the Cost of Production. This must agree to the analysis you have provided in <i>DB7.1 Cost of Production</i> .