

Single Source Contract Regulations 2014 Guidance

Chapter 4 Pricing a Qualifying Defence Contract: The Profit Element

Purpose

1. The guidance in this chapter relates to a Qualifying Defence Contract (QDC) and applies equally to a Qualifying Sub-contract (QSC), except where it explains the different treatment of a QDC and QSC. To assess whether you are dealing with a prospective or actual QDC or QSC you must read [Chapter 2 Qualifying Defence Contracts](#).
2. The guidance does not apply to other single source contracts (Non-qualifying contracts). If you assess that your contract is a Non-qualifying contract then you must read the [Pricing of single source Non-qualifying contracts](#) Commercial Policy Statement.
3. If you are dealing with a prospective or actual QDC then you must read this chapter to understand how to determine the Contract Profit Rate (CPR). In particular, this chapter explains:
 - a. the six steps used to determine the Contract Profit Rate (CPR); and
 - b. how the CPR is used to determine the contract price for a QDC in accordance with the pricing formula set out in the Defence Reform Act 2014 (DRA).
4. You can find more information about the pricing formula and Allowable Costs in [Chapter 3 Pricing a QDC: the Cost Element](#).
5. This chapter has been created as definitive guidance for MOD Commercial Officers so 'you' indicates an action on the Commercial Officer.

What is the Legal Framework?

6. The primary legislation applicable to QDCs is the [Defence Reform Act 2014 \(DRA\)](#). Section 17 of the DRA sets out the six steps for calculating the CPR.
7. The secondary legislation applicable to QDCs is the [Single Source Contract Regulations 2014 \(SSCR\)](#). Part 3 of the SSCR sets out the principles for agreeing the CPR.

Confidentiality – Criminal Offence of Unauthorised Disclosure

8. The DRA requires contractors with QDCs to keep relevant records which the MOD may access. Contractors must also provide a range of standardised reports to the MOD and the Single Source Regulations Office (SSRO). Much of the information received will be commercially sensitive and you must handle it accordingly.

9. The Single Source Advisory Team (SSAT) within the MOD will receive the information and reports required from the contractor under the DRA. The SSAT is responsible for protectively marking the information on receipt, before distribution to the Commercial Officer identified in the DEFFORM 111. If you receive information or reports from the SSAT that is not marked with a security classification or handling instruction, you must inform the SSAT immediately.

10. Schedule 5 of the DRA details a list of 'permitted disclosures' in relation to this information, and information derived from it. Any disclosure of Schedule 5 protected information which is not a permitted disclosure is a criminal offence. Any individual convicted of committing an offence of unauthorised disclosure is **personally liable** to a fine, to imprisonment, or both. You can find detailed guidance on your confidentiality obligations in relation to Schedule 5 protected information at [Chapter 9 Confidentiality](#).

What are the Six Steps for Calculating the CPR?

11. You must calculate the CPR for a QDC by taking the following six steps as laid down in the SSCR.

Step 1: Baseline Profit Rate (BPR)

12. The BPR is the largest element of the total profit rate calculation.

13. The BPR is determined annually based on a recommendation by the Single Source Regulations Office (SSRO) to the Secretary of State for Defence. The SSRO's recommendation is an independently set, fair and reasonable starting point for the calculation of the CPR for all QDCs. You can find the latest BPR at Annex A.

14. The BPR is published in March each year and will take effect from 1 April of the same year. If your QDC is priced before the updated BPR is announced in March, but you enter into the contract on 1 April or after, you must use the newly published BPR to calculate the CPR. You must therefore ensure your programme allows for these updates.

Step 2: Cost Risk Adjustment

15. The cost risk adjustment is to account for the contractor's financial risk that actual Allowable Costs incurred during the contract may differ from the estimated Allowable Costs used in pricing.

16. The BPR is intended to represent a fair return for an average risk contract. Therefore if you agree with your contractor that the QDC is average risk, then the agreed risk adjustment to the BPR should be zero. However if you agree that the QDC is higher than average risk you should agree a positive risk adjustment to the BPR. If you agree it is lower than average risk you should agree a negative risk adjustment to the BPR.

17. The degree of financial risk taken by the contractor will be a reflection of the technical and performance risk of the work, combined with the type of contract pricing method e.g. firm, fixed, Target Cost Incentive Fee (TCIF), cost plus, estimate based fee, volume driven pricing, or a combination of pricing methods. For example:
- a. a firm priced contract of high technical and performance risk is likely to be assessed as having a positive risk adjustment to the BPR;
 - b. a TCIF contract with a 50 / 50 shareline of moderate technical and performance risk is likely to be assessed as having a moderate or nil risk adjustment to the BPR; and
 - c. a pure cost plus contract in which the contractor recovers all their costs from the MOD carries no financial risk and would attract the maximum negative risk adjustment to the BPR.
18. You must agree a risk adjustment with your contractor within the range specified by the SSCR of plus or minus 25% of the BPR. For example, if the BPR is 10%, the permitted risk adjustment is any point (including zero) between minus 2.5% and plus 2.5%.
19. You must follow the SSRO Statutory Guidance¹ to negotiate the risk adjustment with contractors. If you believe a deviation to the Statutory Guidance (or MOD's guidance) is appropriate, you must seek approval from your Commercial 1* by completing the form at Annex C. This must be justified and recorded in the Contract Pricing Statement, see [Chapter 3 The Cost Element](#).
20. In the absence of SSRO Statutory Guidance, you should set the risk adjustment in accordance with the guidance in this chapter on a contract by contract basis and gain approval through your usual Commercial Assurance route.
21. The contractor must record the agreed risk adjustment in the Contract Pricing Statement (CPS). See [Chapter 3 Pricing a QDC, the Cost Element](#) and [Chapter 5 Contract Reporting](#), for more information on the CPS. The contractor must also record the justification if departing from the Statutory Guidance.
22. If the risk adjustment cannot be agreed, then either party may refer the matter to the SSRO pre-contract let, for an advisory non-binding opinion. Either party can also refer this matter to the SSRO after contract let for a binding determination. Unless circumstances have changed it is likely that a binding determination by the SSRO would follow their previous advisory opinion, if they had been asked to provide one. See paragraphs 64-70 for further information.

Step 3: Profit On Cost Once (POCO) Adjustment

23. QDCs often have complex commercial supply chains where single source sub-contracts are let between companies or business units within the same group. These single source group sub-contracts may themselves also have further single source sub-contracts. In this situation, there is a potential for each

¹ It is possible that the SSRO will not be in a position to issue Statutory Guidance on profit adjustments before the commencement of the SSCR.

company or unit within a group to add attributable² profit to its sub-contract resulting in multiple layers of 'hidden' profit being included in the cost of your contract with the prime contractor. This is sometimes called 'fee on fee' or 'profit on profit'.

24. If the costs of single source group sub-contracts are included in a price proposal, and contain inter-group profits, an adjustment is required to eliminate the attributable 'profit on profit' effect. The POCO adjustment ensures the prime contractor's group only earns profit on group costs once, where such sub-contracts are let on a single source basis, the value of which is no less than £100,000.

25. If your contract does not include any single source group sub-contracts then there will be no profit on profit to eliminate and the POCO adjustment will be zero.

26. If your contract does include single source group sub-contracts but the contractor can demonstrate that attributable inter-group profits have been eliminated from the cost base (whether priced at the outset on estimated costs or later on the basis of actual costs), the POCO adjustment will be zero.

27. If attributable single source group sub-contract profit has been built into the prime's costs, the contractor and the MOD must agree a percentage rate by which the CPR is reduced. This will adjust the contract price to be the same as it would have been if the inter-group profit had not been included. Therefore, while the contractor can choose to 'take' profit wherever they wish to in the group supply chain, the MOD will only pay the agreed profit rate on group costs once.

28. It is the contractor's responsibility to produce the POCO calculation and it is the MOD's responsibility to verify it has been submitted and subject it to due diligence. You should task CAAS to review the POCO calculation by completing a DEFFORM 122.

29. Both the MOD and the contractor must follow any SSRO Statutory Guidance on the POCO calculation. If you believe a deviation to the Statutory Guidance (or MOD's guidance) is appropriate, you must seek approval from your Commercial 1* by completing the form at Annex C.

30. In the absence of SSRO Statutory Guidance CAAS will set the POCO adjustment in accordance with MOD guidance.

31. The contractor must record the agreed POCO adjustment in the Contract Pricing Statement (CPS). They must also record the justification if departing from the Statutory Guidance.

32. If the POCO adjustment cannot be agreed by the parties, then either may refer the matter to the SSRO before contract let for an advisory non-binding opinion. Either party can also refer the matter to the SSRO after contract let for a binding determination. Unless circumstances have changed it is likely that a

² Attributable profit is the profit element included in the price payable for the output of a group sub-contract necessary for the performance of the QDC. It excludes any capital servicing adjustment made under step 6 or any profit received by a person not associated with the prime contractor.

binding determination by the SSRO would follow their previous advisory opinion, if they had been asked to provide one. See paragraphs 64-70 below for further information.

Step 4: Single Source Regulations Office (SSRO) Funding Adjustment

33. The role of the SSRO is to oversee and maintain the SSCR and uphold the rights and obligations of both parties to a QDC. See [Chapter 11 The Single Source Regulations Office](#) for more information on the SSRO.

34. Because the SSRO provides independent support and value to both parties it is appropriate that the cost of running the SSRO is shared by all parties to a QDC. Until March 2017 the SSRO will be funded by the MOD. For contracts entered into from 1 April 2017 onwards, the SSRO running costs will be funded equally by industry and the MOD. The industry contribution will be made through the calculation of a funding adjustment to the CPR.

35. The SSRO funding adjustment is determined annually based on a recommendation by the SSRO and will decrease the CPR. The latest SSRO funding adjustment will be published in Annex A.

36. The SSRO funding adjustment is published in March each year and will take effect from 1 April of the same year. If your QDC is priced before the updated SSRO funding adjustment is announced in March, but you enter into contract on 1 April or after, you must use the newly published adjustment to calculate the CPR. You must therefore ensure your programme allows for these updates.

Step 5: Incentive Adjustment

37. This adjustment is solely at the MOD's discretion and is expected to be used only in exceptional cases; the contractor should not presume it will be automatically applied.

38. The adjustment allows a contractor some additional profit as a reward linked to exceptional performance on a specific contract output i.e. a positive incentive. This adjustment cannot exceed the maximum of 2% of the Allowable Costs.

39. The incentive adjustment will be zero unless specific portfolio-level or contract performance is required above that included in the core contract requirements

40. The 2% maximum includes all incentives under the contract, for example any payments linked to key performance indicators (KPIs). You should aggregate all potential incentives specified in the contract to ensure they do not exceed 2% of the Allowable Costs. Note that for TCIF contracts, you should base the aggregate on the target price (i.e. the 2% incentive excludes any future shareline adjustments).

41. Key points to consider in agreeing the incentive adjustment rate are as follows.

- a. Determine any incentive payments based on the contractor's wider portfolio or programme performance.

- b. Determine any incentive payments based on specific contract performance, for example stretch schedule milestones, specific service availability targets.
 - c. Agree the parameters / outcomes that are to be linked to any incentive payments. You must define specific and measurable metrics and how they will be measured to determine payment of any incentive.
 - d. Ensure you define all incentive payments, metrics and their measurement terms in the contract.
 - e. Calculate the absolute value of all potential incentive payments, and confirm the total is within the maximum permitted value of 2% of Allowable Costs.
 - f. Gain approval through your usual Commercial Assurance route for the metrics, incentive values and total potential adjustment.
42. You must follow the SSRO Statutory Guidance to determine the incentive adjustment. If you believe a deviation to the Statutory Guidance (or MOD's guidance) is appropriate, you must seek approval from your Commercial 1* by completing the form at Annex C. This must be justified and recorded in the Contract Pricing Statement, see [Chapter 3 The Cost Element](#).
43. In the absence of SSRO Statutory Guidance, you should set the incentive fee in accordance with the guidance in this chapter on a contract by contract basis and gain approval through your usual Commercial Assurance route.
44. This incentive will increase the CPR or, if no incentive is awarded, the adjustment will be zero.

Step 6: Capital Servicing Adjustment

45. The Capital Servicing Adjustment (CSA) ensures the contractor receives an appropriate return on the fixed capital (e.g. buildings, plant, equipment etc.) and working capital (e.g. inventory, cash flow) employed to deliver the contract. Although expressed as a profit adjustment, the CSA is in fact not additional profit but a mechanism to allow the contractor to recover reasonable capital costs.
46. The CSA is specific to a contractor business unit because different business units will use different mixes of fixed and working capital. You must obtain the capital servicing adjustment for the contractor you are dealing with from CAAS. You should task CAAS to provide the CSA by completing a DEFFORM 122.
47. In calculating the CSA, CAAS will seek to exclude any capital costs already included as direct costs in the Allowable Costs of the contract(s). CAAS will use the CSA rates determined annually by the SSRO to calculate the CSA. There are two CSA rates; fixed capital and working capital. You can find the current rates at Annex A.
48. The published rates are 'returns on capital' and must not be directly applied to contract costs. CAAS will convert them into 'returns on costs' which are specific to individual contractors. If CAAS are unable to provide support in relation to calculating CSAs, you should contact the [Commercial Policy Help Desk](#) for support.

49. The capital servicing rates are published in March each year and will take effect from 1 April of the same year. If your QDC is priced before new capital servicing rates are announced in March, but you enter into contract on 1 April or after, you must update your CPR to reflect the new CSA rates. You must therefore ensure your programme allows for these updates.

50. This adjustment will almost always increase the CPR although in exceptional cases it may decrease it.

51. If the CSA adjustment cannot be agreed by the parties, then either may refer the matter to the SSRO pre contract let, for an advisory non-binding opinion. Either party can also refer the matter to the SSRO after contract let for a binding determination. Unless circumstances have changed it is likely that a binding determination by the SSRO would follow their previous advisory opinion, if they had been asked to provide one. See paragraphs 64-70 for further information.

How do you use the Contract Profit Rate?

52. The table below summarises how the CPR is calculated by applying the six steps once all adjustments have been determined. Annex B shows an example of how to calculate the CPR.

Steps	Action Add (+) or Subtract (-)	Adjustment	Method
Step 1	Start	Baseline Profit Rate (BPR)	Take the BPR in force at the time of agreement (see Annex A).
Step 2	+ or -	Cost Risk Adjustment	Adjust step 1 by an agreed amount within +/- 25% of the BPR.
Step 3	-	Profit On Cost Once (POCO) Adjustment	Deduct from step 2 the POCO adjustment calculated by CAAS. If POCO does not apply the adjustment is zero.
Step 4	-	Single Source Regulations Office (SSRO) Funding Adjustment	Deduct from step 3 the SSRO funding adjustment in force at the time of agreement (see Annex A).
Step 5	+	Incentive Adjustment	Increase step 4 by the amount specified to give the contractor a financial incentive adjustment for performance of the contract, by an amount not to exceed 2% of AC.
Step 6	+ or -	Capital Servicing Adjustment (CSA)	Increase or decrease step 5 by the amount of the CSA calculated by CAAS.

53. On completion of all six steps, you can use the CPR percentage to calculate the contract price using the pricing formula:

$$\text{Contract Price} = (\text{Contract Profit Rate} \times \text{Allowable Costs}) + \text{Allowable Costs}$$

Sub-contract Pricing

54. A single source sub-contract may be a qualifying contract under the DRA and SSCR if placed at any level of the supply chain on a non-competitive basis, predominantly for the purposes of delivering a QDC or group of QDCs, or prospective QDCs, and has a value greater than £25M. If a sub-contract meets the criteria as a qualifying contract it is called a Qualifying Sub-contract (QSC). You can find further information on QSCs in [Chapter 2 Qualifying Defence Contracts](#).

55. The CPR for a QSC must be priced in accordance with the principles contained in this chapter. It is the responsibility of the procuring contractor to agree the CPR for any sub-contracted work with a qualifying sub-contractor as part of the contract pricing. It is the responsibility of the sub-contractor to price a QSC in accordance with the DRA / SSCR. If not, the sub-contractor is exposed to the risk of a subsequent referral by the MOD to the SSRO to determine a CPR that is consistent with the DRA / SSCR.

56. The normal relationship in a supply chain will be between the MOD and the prime contractor, and the prime and the sub-contractor. However, where the sub-contractor has good reason not to share sensitive commercial information with the prime contractor, some elements of the reporting and auditing regime will operate directly between the MOD and the sub-contractor. If this is the case, you need to be aware of the confidentiality regime which must operate and adjust the relationship accordingly. See [Chapter 9 Confidentiality](#), for more information.

Group Profit Rates

57. In some cases, you may decide to agree group profit adjustments across two or more QDCs, for example a large number of comparatively low value QDCs placed with one contractor within a particular period. In this case it may be more efficient to determine one CPR to be used for the group of contracts as a whole rather than individually assess each one.

58. You may only agree group adjustments with a contractor for three steps of the CPR: steps 2 (risk), 3 (POCO) and 6 (capital servicing rate) in accordance with the guidance explained previously in this chapter. You must determine steps 1 (BPR), 4 (SSRO funding adjustment) and 5 (incentive adjustment) using the published rates relevant at the time the contract is entered into in the same way as for a single QDC.

59. You may only use agreed group rates for any QDCs entered into within one year from the date that the group rate is agreed.

60. The application of group profit adjustments does not apply to sub-contract pricing.

Disputes and Remedies

SSRO Opinions

61. If there is a matter of dispute with the contractor that is preventing the agreement of the CPR, you must attempt to resolve the matter through local negotiations and escalation as necessary. If you cannot resolve the matter through negotiation, you may wish to seek an opinion from the SSRO. However, you must not approach the SSRO directly, you must first involve the SSAT.

62. During the pre contract phase the SSRO may give an opinion on any pricing matter if both parties agree to make a joint referral. Certain other matters may be unilaterally referred to the SSRO for an opinion, by either the MOD or the contractor. Either party can refer to the SSRO for a non-binding opinion for adjustments under steps 2 (risk), 3 (POCO), or 6 (CSA) of the CPR calculation. This also applies to group adjustments. Steps 1 (BPR) and 4 (SSRO funding adjustment) are determined by the SSRO. Step 5 (incentive adjustment) is at the discretion of the MOD and is not referable.

63. An SSRO opinion made before contract let is not legally binding but will provide a clear indication of how the SSRO believe the pricing dispute should be resolved. This is important because either party can refer the matter again for an SSRO determination once on contract (see SSRO determinations below). In this scenario, the SSRO must maintain its original position unless there has been a significant change of circumstance. It is therefore practical for both parties to follow the advice given by the SSRO in any pre contract opinion, in order to prevent delays later.

SSRO Determinations

64. Once on contract, (including QSCs) the MOD or the contractor (or sub-contractor) may seek a legally binding determination on certain matters relating to the CPR. Either party may ask the SSRO to make a legally binding determination if they consider that, based on information available to either party at the time the QDC was entered into, an adjustment under steps 2 (risk), 3 (POCO), or 6 (CSA) of the CPR calculation was not appropriately agreed. This also applies to group adjustments. If the SSRO establishes that a different adjustment should have been made, it will make a legally binding order for the contract price to be adjusted to what it would have been had the pricing principles been followed.

65. Where you require a determination from the SSRO, you must give at least 20 working days written notice to the contractor asking them to provide evidence of how the principles of the CRP calculation steps 2, 3, or 6 were met. Where at least 20 working days has elapsed and you have not received a response or you have received a response which you consider to be unsatisfactory, you may request a determination. You can find more information about how the referrals process to the SSRO operates in [Chapter 12 The Single Source Advisory Team](#).

66. In making a determination of whether the pricing principles have been met the SSRO must consider:

- a. the SSCR and Statutory Guidance that was in place at the date the

contract was entered into;

- b. the extent to which each party to the contract has fulfilled its responsibilities under the DRA and SSCR;
- c. the extent to which relevant Statutory Guidance was followed (and any justification for not following it);
- d. any relevant previous decisions of the SSRO: and
- e. representations by the parties (and the MOD, where it is not a party i.e. in a QSC).

67. In the event of a referral to the SSRO for a determination (on the basis that the pricing principles were not followed) you will be required to provide an audit trail of the pricing assumptions. This must include as a minimum the CPS agreed at the time of agreeing the contract price. Other key pieces of information may include the contract terms and conditions and the pricing model used to agree the price.

68. There are time constraints which both the MOD and the contractor must follow if either decides to refer a matter to the SSRO for a determination. In the case of a determination of the CPR, this referral must occur at the latest within 2 (two) years of contract completion³. The SSRO will write to the MOD and the contractor in accordance with agreed timescales for making such a determination, to be set out in [SSRO terms of reference](#). Once made, the SSRO's determination is final and there are no grounds for appeal, except through a judicial review.

Compliance and Penalty Notices

69. The SSAT have sole responsibility for issuing compliance or penalty notices and you must consult with the SSAT where the contractor has failed in its duties defined within this chapter. You can find further information about the compliance and remedies regime in [Chapter 10 Compliance and Remedies](#).

Contacts, Training and Further Information

70. The [Web Access Page](#) for the DRA and SSCR contains a summary of the legislation, details of who you can speak to for advice, and what training is available. It also contains links to other chapters in the SSCR guidance and other relevant topics and information.

³ Contract completion is defined as the date described in the contract as being the contract completion date. Where no such date exists, the date on which the contractor completes all obligations which entitles it to final payment under the contract, excluding any final price adjustment. If the contract is terminated before either of these events, the date the contract is terminated.

What are the key points to remember?

1. You must calculate the Contract Profit Rate (CPR) in accordance with the process described in this chapter for all prospective Qualifying Defence Contracts (QDC).
2. You must not change or leave out any of the six steps of the CPR calculation (although some steps may result in a nil adjustment) – this would be a breach of the legislation.
3. Where it exists, you should follow the SSRO Statutory Guidance when negotiating the Risk, POCO and Incentive adjustments. You must follow the approval process for any deviations from the Statutory Guidance.
4. You must ensure you keep a record of all assumptions, agreements and challenges to the calculation of the CPR.
5. Either party may seek an SSRO non-binding opinion (pre-contract) or an SSRO binding determination (once on contract), on the appropriateness of the profit adjustments for Risk, POCO and business unit specific CSAs.
6. Rates for the Baseline Profit Rate, the SSRO funding adjustment and Capital Servicing Allowances are revised annually and published annually in March to take effect from 1 April. The current rates are produced at Annex A.
7. You must be aware of the serious consequences of unauthorised disclosure of information protected under Schedule 5 of the DRA. There are penalties which apply to you personally, which may include a fine or imprisonment.

Annex A

Rates to be used for QDCs and QSCs from 1 April 2014⁴ to 31 March 2015

Step	Adjustment	Rate
1	Baseline Profit Rate (BPR)	10.70%
2	SSRO Funding Adjustment ¹	Nil
3	Capital Servicing Rate – Fixed Capital ²	6.20%
4	Capital Servicing Rate – Working Capital (positive WC) ²	2.07%
5	Capital Servicing Rate – Working Capital (negative WC) ²	1.25%

Notes

1. The SSRO funding adjustment will be zero until 1 April 2017.
2. You must **not** use the Capital Servicing Rates as published above and just apply them as Step 6 of the Contract Profit Rate calculation – **you must convert the above rates to returns on cost** for the specific contractor pricing unit you are dealing with. You will need CAAS support for this step of the CPR. If CAAS support is not available to calculate the correct Capital Servicing Rates for your contractor, then in the first instance you must contact the [Commercial Policy Help Desk](#) for assistance.

⁴ These rates will also apply to QDCs with a value of £500M (ex VAT) or above, where the commencement date is expected to be mid December 2014.

Annex B

Contract Profit Rate (CPR) Calculation Example

Step 1. Baseline Profit Rate		
Baseline Profit Rate (from Annex A)	=	10.70%
Step 2. Cost Risk Adjustment		
Cost Risk Adjustment (negotiated with the contractor)	=	-1.0%
Step 3. Profit on Cost Once		
POCO adjustment	=	-0.9%
Step 4. Single Source Regulations Office Funding Adjustment		
SSRO adjustment (obtain from Annex A)	=	-0.05%
Step 5. Incentive Adjustment		
When appropriate, as agreed by the MOD (max 2%)	=	+0.4%
Step 6. Capital Servicing Adjustment		
From CAAS or calculate (see example at Annex A)	=	+1.25%

Therefore, in this example the Contract Profit Rate for the QDC is 10.4%

Annex C

Application for deviating from a profit element of the Statutory Guidance on a CPR adjustment when pricing a QDC under the SSCR

Part One [to be completed by Band B Commercial Officer]

Background of the Requirement

[This can be a brief summary of your commercial strategy, include contract reference, Contractor name, details of the specific adjustment in question, justification of the steps taken to guarantee Value For Money (VFM).]

Reason for the deviation

[Include your detailed rationale for deviating from a profit element of the Statutory Guidance]

Impact Assessment

[e.g. if the deviation is approved, what is the impact on contract price; related contracts; precedence, etc. or if the deviation is not approved, what is the commercial / wider impact.]

I confirm I have sought and followed relevant Commercial Policy and Legal advice where appropriate.

I support the above request for deviating from a profit element of the Statutory Guidance when pricing a QDC under the SSCR which I consider to be valid and reasonable.

Signed: [Band B Commercial Officer]

Name:

Position:

Date:

Part Two [to be completed by Commercial 1*]

I approve / do not approve* this request for deviating from a profit element of the Statutory Guidance when pricing a QDC under the Single Source Contract Regulations 2014.

Comments

[Reasons for approval / non approval / further info required for re-submission*]

Signed:

Name:

Position:

Date:

(You must now forward this form to the SSAT)

* delete as appropriate