

SSRO

Single Source
Regulations Office

SSRO CORPORATE PLAN 2022-2025



Chair's Foreword

The importance of the UK having the capability to protect our country and its interests has never been more apparent. The UK spends more than 2% of GDP on defence each year and we have a thriving defence industry that provides jobs and drives innovation across the economy.

The SSRO plays an important role in helping Government to achieve value for money and timely delivery of those contracts that are not competitively tendered, whilst ensuring suppliers can earn a fair return.

In consultation with the MOD and industry, we have developed an ambitious plan for the next three years. We will:

- Support the Government's commitment set out in its Defence and Security Industrial Strategy to improving acquisition through choice and flexibility, speed and simplicity, and stimulating innovation and exploiting technology. We expect to provide significant support to the Secretary of State's review of the regulatory framework.
- Use the data we have collected over the last seven years to develop management information that delivers real insight to the MOD.
- Continue to refine our guidance on allowable costs and develop our work on contract profit rates. We recognise the Secretary of State's continued support for our baseline profit rate methodology and the actions we have taken in light of the pandemic. We will consult on our approach to returning to a market based benchmark which uses our established methodology from next year.
- Encourage industry and the MOD to make greater use of the mechanism for referring contract issues to us for opinion or determination whilst exploring new ways to resolve questions raised outside of the full referral process. This mechanism in the regulatory regime has been underutilised to date but has the potential to drive huge value in setting precedents that can be widely adopted.

In delivering this plan, we want to engage closely with both industry and the MOD, to ensure that the tools and insights we develop best facilitate efficient single source procurement. We appreciate the feedback they have already provided to help us develop this plan.

Our work is naturally evolving as the single source regulatory regime matures. It is therefore the right time for us to step back and consider whether we have the right skills, knowledge and expertise to deliver on our ambition. We have therefore planned a skills audit, which will consider ongoing development of our people as well as making greater use of our expert panel and bringing in additional expertise as needed.

Our staff are our most important asset and I value highly their commitment and expertise. As we emerge from the Covid-19 pandemic, we will take the best of what we have learnt from operating remotely over the last two years, combining face to face working and engagement with virtual and hybrid models.

The plan we have set out is purposely ambitious, but the benefits are potentially significant. I look forward to working with all our stakeholders over the coming years to help drive timely and efficient defence procurement that provides fair returns to industry.

Hannah Nixon



The SSRO - Who we are

The Single Source Regulations Office (SSRO) is an executive non-departmental public body, sponsored by the Ministry of Defence (MOD). We were established by the Defence Reform Act 2014, which also created a regulatory framework for single source defence contracts, placing controls on the pricing of qualifying contracts and requiring greater transparency on the part of defence contractors.

The SSRO's purpose is to deliver its statutory functions to support and improve operation of the regulatory framework. In carrying out our statutory functions, we ensure that good value for money is obtained in government expenditure on qualifying defence contracts, and that contractors are paid a fair and reasonable price under those contracts.

Records

Keeping an up-to-date record of qualifying contracts and receiving statutory reports from defence contractors under the regulatory framework.

Contract Profit Rate

Recommending the appropriate baseline profit rate, capital servicing rates and SSRO funding adjustment for use in calculating contract profit rates.

Guidance

Publishing guidance on Allowable Costs, Contract Profit Rate steps, Reporting and Penalties.

Review

Keeping the operation of the regulatory framework under review and making recommendations for changes to the Secretary of State.

Referrals

Giving opinions and making determinations on matters referred to the SSRO concerning the regulatory framework.

Compliance

Keeping under review the extent to which reporting requirements are being complied with.

Analysis

Analysing reported data on request for the Secretary of State.

We apply a clear and robust methodology for assessing and recommending the rates that should apply when calculating contract profit rates. We give clear, principles-based pricing guidance that facilitates the agreement of contract costs and profits. Our opinions and determinations on matters referred to us concerning the regulatory framework resolve disputes and clarify contract-specific issues.

We collect data on qualifying contracts and suppliers which provides a valuable, growing evidence-base to inform value for money and fair and reasonable prices. Our platform for receiving data (the Defence Contract Analysis and Reporting System or DefCARS) is secure, efficient and minimises the reporting burden on contractors. We provide support and guidance to contractors to help them use DefCARS and understand their reporting obligations. We review report submissions, keeping under review the extent to which reporting requirements are being complied with, and promote data quality.

DefCARS supports effective analysis and we promote use of the data to derive insights in support of procurement decisions, contract management and development of the regulatory framework.

By engaging closely with the MOD, industry and other stakeholders, we explore multiple points of view to make, or recommend to the Secretary of State, technically sound improvements to the framework for contract pricing. We identify best practices from the UK and around the world and use them to develop optimal solutions to identified issues.

We set out in our vision, priorities and objectives how we can increase the value we add. We continue to explore and are open to ways we can maximise the positive impact of our work.

Our people bring a diverse range of skills to the regulation of single source contracts. We include accountants, economists, lawyers, analysts, and specialists in defence, regulatory policy, IT, procurement and contracting roles.

We are committed to our statutory aims and united by our values:

Inclusive

People are our greatest asset. We work as a team, valuing our diversity, and supporting each other to contribute our best in an environment of trust. We promote equality and diversity in all our work. We seek input from a diverse range of stakeholders.

Independent

We occupy an important space between government and industry, speaking and operating freely, impartially and with integrity to deliver our statutory functions.

Authoritative

We seek to be authoritative and professional in the delivery of our statutory functions. We use data and analysis effectively and compellingly.

Transparent

We operate openly and transparently and we are proactive in engaging with stakeholders and the public. We protect the confidentiality of all sensitive information we hold.

Our 2025 vision

The SSRO will be the recognised expert in the regulation of single source defence contracting. We will support UK defence by working at the heart of a continuously improving regulatory framework which helps the MOD and contractors agree and deliver value for money contracts and fair and reasonable prices.

Achieving our vision will involve working closely with our key stakeholders, while maintaining our independence and impartiality. Our approach will remain rigorous and evidence-based. We will prioritise our work in consultation with industry and the MOD, using their feedback and input as a key part of our evidence base, and we will work appropriately with the MOD in the implementation of government policy in relation to the regulatory framework.

We want single source defence procurement carried out under the regulatory framework to be seen as providing value for money for the taxpayer and fair and reasonable prices for contractors, and comparable with the best public procurement. We are ambitious about the benefit we can bring to the pricing of contracts and will continue our annual rates assessment, while reviewing the methodology and working on activity based benchmarks.

To maximise the impact of our work, we will deliver our statutory functions in a way that identifies and offers solutions to issues with single source defence contracting, some of which are difficult or long-standing. Our work on overheads and support for the Secretary of State's review will tackle such issues and help the MOD and contractors to agree and deliver value for money contracts and fair and reasonable prices.

We build our expertise by keeping the regulatory framework under continuous review. We will actively seek opportunities to derive learning from the application of the regulatory framework to specific contracts and will encourage referrals for opinions and determinations as a mechanism to achieve this.

To promote consistent application of the regulatory framework and continuous improvement in line with our vision, we will share the operational learning from referrals. We will use the learning to inform guidance development and will continue to assist the MOD and contractors to apply the regulatory framework through our SSRO support arrangements.

We want to become even more efficient in how we undertake and deliver our work. To do this we must develop our technology and the way we operate. We aim to take advantage of improvements in digitisation and invest in new technology. Delivering our DefCARS Future technology strategy will be key to providing the tools and systems necessary for an efficient and continuously improving regulatory framework.

The SSRO Data Strategy sets out our priorities for achieving the vision that data submitted by contractors in statutory reports is fully utilised to provide insights in support of procurement decisions, contract management and development of the regulatory framework. It is a fundamental premise of the regulatory framework that reported data can be used to provide information and knowledge to help the MOD and contractors to agree and deliver value for money contracts and fair and reasonable prices.

We will continue to coordinate our work on guidance, DefCARS, compliance support and analysis to improve the quality of data provided in statutory reports. We will work with the MOD to help foster and support growth in the MOD's use and analysis of reported data. We plan to complete our project on amendments and variance, explore improvements to overhead reporting and engage more actively with MOD users.

We will also support changes to reporting requirements arising from the Secretary of State's review.

We would like to gain the maximum benefit from the knowledge and experience of defence contracting of our stakeholders. This will supplement strong internal experience drawn from a range of professional domains, including those with relevant MOD or defence industry experience. We will continue to seek expertise of procuring, delivering and operating large scale single source contracts, large capital projects and related matters.

Our planned skills audit will check that we have the right skills, knowledge and experience and we will review our workforce strategy and continue to develop our team.

The quality, rigour and excellence of our team's work will be recognised as having real impact and comparable with the best of our peers. Our stakeholder survey and performance measures will demonstrate that this is being achieved.

We want to have productive, trusted and open relationships with our stakeholders. Effective engagement with appropriate reach contributes to our vision by providing the knowledge and information from stakeholders we need to do our work and continuously improve the regulatory framework.

We will emphasise a commercial perspective on the questions we address and any potential solutions. We will maintain engagement mechanisms that are working well, while looking for better ways to reach people, particularly where opportunities for engagement are currently limited or constrained.

We wish to see all those involved in the regulatory framework learn and gain insight from its operation, encouraging diverse input and enabling improvements to be made.

The planned revision of our engagement strategy will provide an opportunity to adjust our approach and we will build on the interest generated through key projects on overheads and amendments and variance.

Our priorities

We have seven strategic objectives that are designed to maximise the effect of our statutory functions and achieve our 2025 vision. Objectives 1 to 4 are linked to the delivery of our regulatory functions. Objectives 5 to 7 are supporting objectives focused on stakeholder engagement, effective use of resources and digital transformation.

In developing our work programme, we have identified key activities that are intended to successfully deliver each objective. We aim to complete all of these activities but we assume our resources will be fixed and that we may need to choose between competing priorities in response to changing circumstances. With this in mind, we plan to prioritise the Secretary of State's review of the regulatory framework, data use and work on allowable costs.

We have been supporting the Secretary of State's on-going review of the regulatory framework, which is seeking to implement the reforms set out in the Defence and Security Industrial Strategy (DSIS). We look forward to the conclusion of the review and working with stakeholders to implement the outcomes.

In year one of the plan, we will work with the MOD and industry stakeholders on policy development related to the review. As the content of review outcomes emerge, we will identify changes needed to our guidance and DefCARS. We will aim to make improvements over the life of this plan, having regard to the timetable for any new or amended legislation.

Depending on the scale of change, we may need to phase the updates that we make.

Realising the vision set out in our Data Strategy for use of reported data to provide knowledge and insights remains an important priority. We will promote data use through our existing projects on overheads and amendments and variances. To build use of DefCARS data, we will seek to engage directly with selected MOD teams and identify the knowledge and insight decision makers need.

The evidence we gather will inform future development of the reporting framework and wider MOD use of the data. We will develop and respond to stakeholder demand by providing analysis and management information and making changes to our reporting guidance and DefCARS.

We will improve DefCARS in line with our technology strategy to better support use of reported data. We will continue to develop DefCARS under new contract arrangements and will work closely with stakeholders to optimise its operation and build a shared understanding of the benefits to be obtained from further investment in the system.

We have increased our focus on issues associated with determining allowable costs. We are continuing our work on a substantial multi-year project to examine overhead cost recovery and the associated rates used in single source contracts, and developing new guidance in this area.

We will prioritise our work and activities through engagement with stakeholders and we will use their feedback and input as a key part of the evidence base for delivering our statutory functions. In prioritising our work, we consider the following criteria:

Stakeholder feedback

The views of, and potential impacts on stakeholders, and whether they support or oppose the activity.

Benefits

The extent to which the activity will improve operation of the regulatory framework and single source contracting and contributes to achieving our vision for 2025.

Urgency

The timeframe in which action should take place, considering any pressing need for action such as legislative change.

Cost

The resources required by the proposed activity and the costs associated with not taking action.

Key performance indicators

We want to know whether we are achieving our vision and have set a range of quantitative and qualitative key performance indicators (KPIs). Where possible, we have set outcome-based measures, which show the impact we are having. In some instances, we have identified outputs that contribute to achieving our vision.

Some KPIs are relevant to more than one objective, reflecting the fact that our objectives coordinate delivery of our statutory functions in pursuit of our 2025 vision. Where this is the case, we have aligned the KPI with a single objective and presented all the KPIs here as a package of measures.

We have updated our targets to reflect changed circumstances, such as progress made to date and new activities. We removed indicators related to the Secretary of State’s review, as we met our target of making recommendations and do not yet know the timeline for concluding the review.

We have included benchmarks and made them realistic but stretching. To check that we are delivering the planned outputs for our objectives, we have introduced a new measure of whether project milestones are achieved across all activities.

Taking the views of our key stakeholders is a good way to test outcomes but we need to be proportionate in how we seek their input. Some indicators will be measured by responses to our biennial stakeholder survey. We will explore other ways to track progress that can be measured more frequently, such as quick responses from users after accessing a service.

We will review our performance on an ongoing basis and report performance against KPIs in the SSRO’s Annual Report and Accounts. We will evaluate the impact we are having throughout the life of the plan and explore new ways to measure our effectiveness.

KPI	Measure	Target set	Frequency	Update or current performance	Notes
1a	Increase in requests for pre-referral support and referrals	Year-on-year increase	Ongoing	Modified to include pre-referral support	These indicators show whether we are assisting stakeholders and demonstrating expertise.
1b	Responses to questions provided within target timeframes	90%	Ongoing	Modified to cover helpdesk, s.36/37 requests and referrals	
1c	Stakeholders are satisfied with assistance provided by the SSRO	90%	Ongoing	Combines SSRO helpdesk with other support. Target increased from 75% to 90%	

KPI	Measure	Target set	Frequency	Update or current performance	Notes
2a	Stakeholders solve single-source problems aided by or using the solutions identified by the SSRO	Pass/ Fail	Biennial	Not previously measured	These indicators focus on whether we are helping stakeholders deliver value for money and fair and reasonable prices. They include feedback from stakeholders on our pricing products and a direct measure of whether agreed profits are as expected.
2b	Annual assessment of the BPR and capital servicing rates is provided on time and accepted by the Secretary of State	Pass/ Fail	Annual	Modified to include acceptance of our recommendations	
2c	Median contract profit rates are within 2.5pp of BPR (pre-CSA adjusted)	+/- 2.5 pp	Ongoing	New KPI	
2d	% of stakeholders who agree SSRO's pricing guidance is useful in agreeing contract prices that support VFM & fair and reasonable prices	75%	Biennial	Combines two previous KPIs into a single measure related to the SSRO's vision	
3a	Users find reporting guidance clear, applicable and helps meet reporting requirements	75%	Biennial	New KPI	These KPIs identify whether the SSRO is deriving insights and continuously improving the regime through its guidance.
3b	% of stakeholders who agree the SSRO's pricing guidance is clear and applicable	85%	Biennial	84% in last survey	
4a	% of reports submitted that are complete and meet the requirements of the legislation at the first attempt	75%	Ongoing	60%	These indicators examine whether contractors are reporting data as expected and whether the data is being used by the MOD. This is essential to achieving the legislative intent that the use of this data will help the MOD and contractors agree and deliver value for money contracts and fair and reasonable prices.
4b	% of reports submitted on time	75%	Ongoing	69%	
4c	% of reports submitted each year that are accessed by the MOD	75%	Annual	57%	
4d	% of MOD users satisfied with the usefulness of DefCARS data	75%	Biennial	New KPI	

KPI	Measure	Target set	Frequency	Update or current performance	Notes
5a	Stakeholders consider the SSRO engages well	90%	Biennial	91%	The indicators look at whether we are effectively building knowledge which contributes to our expertise and helps us improve the regulatory framework.
5b	Percentage of planned engagement achieved	75%	Ongoing	New KPI replacing one on numbers of MOD users engaged	
6a	Manage our financial expenditure to within 2% of our corporate budget without exceeding our Grant-in-Aid limit	+/- 2%	Ongoing	- 2.1%	The indicators measure how effectively we are using our resources and supporting our people to deliver the SSRO's vision.
6b	Employee survey results for overall engagement	70%	Annual	50%	
6c	Average number of days spent per person per annum on training	4 days	Annual	3+ days	
6d	Cyber security: SSRO has security accreditation for DefCARS and SSRO Microsoft 365 environment and SSRO Cyber Essentials Plus certification	Pass/ Fail	Annual	New KPI reflecting our commitment to data and security	
6e	Staff feel included and treated fairly	90%	Annual	80%	
7a	% of users satisfied with DefCARS as the platform for submitting reports	75%	Biennial	72%	These indicators look at whether we are providing the tools to support a continuously improving regulatory framework. By improving DefCARS we also aim to increase use of reported data.
7b	% of MOD users satisfied with DefCARS as a tool for monitoring and analysing reports and data	75%	Biennial	New quantitative KPI to measure stakeholder views on digitisation	
8a	Significant project milestones met	90%	Ongoing	New cross-cutting KPI	Our activities are targeted at delivering our vision and this KPI measures whether those activities are on track.

Objective 1

Resolve questions raised by defence contractors and the MOD, helping consistent and best practice application of the regulatory framework

We support the MOD and contractors to apply the regulatory framework in a consistent and effective way by responding to their queries. Our responses may have specific or wide-ranging applicability to contracts in the regime. We aim to review how we share information about the application of the regulatory framework after dealing with queries, to provide greater clarity or improve understanding.

The SSRO responded to over 800 queries in 2020/21, ranging from simple questions, such as those requiring signposting to existing guidance, to more complex queries requiring tailored responses. We expect an increase in helpdesk queries and training requests if the Secretary of State's review of the regulatory framework results in changes to the legislation and our guidance. We will continue to provide proportionate, timely and effective responses to queries.

Contracting parties may refer some questions about proposed or existing qualifying contracts to the SSRO for expert opinion or determination. These questions typically involve more detailed investigation and the application of fair and transparent procedures to consider the views of all interested parties.

Opinions and determinations help contracting parties to agree contracts that support value for money and fair and reasonable prices. They clarify difficult issues and help resolve disagreements. Past referrals have considered the appropriate cost risk adjustment and the extent to which costs are allowable.

Our vision for 2025

Our activities under this objective will demonstrate expertise in the regulation of single source defence contracting and contribute to a continuously improving regulatory framework, within which the MOD and contractors agree and deliver value for money contracts and fair and reasonable prices.

We will know that we have achieved our vision for 2025 when we can see that:

- Stakeholders look to the SSRO to help them agree and deliver contracts that ensure value for money and fair and reasonable prices.
- The SSRO's timely clarifications on the application of the regulatory framework in response to helpdesk queries and referrals have facilitated efficient and effective single source defence procurement.
- The information published in response to helpdesk queries and referrals is being used by those applying the regulatory framework to contracts.
- The learning from helpdesk queries and referrals is used to inform the SSRO's wider work.

The SSRO received two referrals in 2021/22 and gave pre-referral advice and support on four other contracts. We consider that the development of the regulatory framework would benefit from further referrals and to encourage these we will:

- improve stakeholders' understanding of the opportunities to refer;
- provide appropriate levels of support to those considering referrals; and
- refine procedures to deliver high quality decisions as efficiently as possible and more quickly.

We will continue to explore new ways in which to resolve questions raised by stakeholders outside of the full referral process. We will also consider how to appropriately publish some responses to questions raised through our Helpdesk when it would improve understanding for stakeholders.

We will use insights from responding to stakeholders' questions to inform improvements in the operation of the regulatory framework, for example, changes to statutory guidance, DefCARS or the legislation. We will keep our processes for responding to questions under review and aim for continuous improvement and better use of technology.



- Proportion of stakeholders that are satisfied with assistance provided by the SSRO (target: 90%)
- Proportion of responses to questions provided within target timeframes (target: 90%)
- Number of requests for pre-referral support and referrals (target: increase on previous year)

Objective 2

Maintain a pricing system that supports value for money and fair prices and offers solutions to difficult pricing problems

The SSRO uses its pricing guidance and annual profit rate recommendation to help parties agree fair and reasonable contract prices and achieve value for money. By tackling issues and questions that arise in agreeing allowable costs and contract profit rates, we aim for a regulatory framework which has the confidence of those that use it.

We will provide the Secretary of State with annual assessments of the appropriate baseline profit rate, capital servicing rates and SSRO funding adjustment. Our approach will continue to be based on benchmarking the actual profits of companies engaged in activities comparable to those that occur in qualifying contracts.

We will review aspects of the baseline profit rate methodology. We want to consider how the activities which occur under qualifying contracts are reflected in our baseline profit rate assessment. An activities review would look at our existing groups relating to manufacturing and support and potential new groups for activities such as communication and information systems. We have not yet programmed the activities review, as the Secretary of State's review will be our first priority.

We will maintain our increased focus on issues associated with determining allowable costs. We are continuing with our multi-year project to examine the rates and overhead cost recovery in single source contracts. We will propose updated allowable cost guidance on overheads and indirect cost recovery to bring clarity on the requirements of allowable costs and improve the reporting of these costs.

We will establish a process for continuous improvement of our pricing guidance. This will involve managing and addressing known or emerging issues.

The Secretary of State's periodic review of the provision of the regulatory framework may result in legislative changes.

Our vision for 2025

The activities we undertake to deliver this objective contribute directly to our 2025 vision. Through benchmarking and evidence-based policy making, we demonstrate our expertise, improve the regulatory framework and assist parties to agree and deliver value for money contracts and fair and reasonable prices.

We will know that we have achieved our vision for 2025 when we can see that:

- Stakeholders agree that the SSRO has offered solutions to some of the difficult and long-standing problems with pricing single source defence contracts.
- The regulatory framework provides a suitable, trusted means of pricing the MOD's single source defence contracts with a range of profits appropriate to the goods and services being procured.
- The SSRO's methodologies for assessing the appropriate baseline profit rate and capital servicing rates are accepted.
- Contracts are priced in accordance with the approach required by the regulatory framework.
- SSRO guidance is clear, applicable and understandable. It is considered easy to use and useful by stakeholders and helps them agree contracts that support value for money and fair and reasonable prices.

In response to such changes we will consider the need to review and update our guidance and methodologies relating to the pricing of contracts.

KPIs



- Stakeholders solve single source pricing problems aided by or using the solutions identified by the SSRO
- Annual assessment of the baseline profit and capital servicing rates is provided on time and accepted by the Secretary of State
- Median contract profit rates are within 2.5 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment)

Objective 3

Derive insights and learning from how the regulatory framework operates and make changes or recommendations to improve it

We will apply our independent expertise in the regulation of single source contracts to keep Part 2 of the Act and the Regulations under review and will review compliance by industry with reporting requirements. Where we consider that legislative change is needed to optimise the regulatory framework, we will make recommendations to the Secretary of State, which must be considered as part of the Secretary of State's five-yearly reviews.

We published recommendations to the Secretary of State in June 2021 after concluding a focused review of the profit rate steps and reporting requirements under the regulatory framework. Those recommendations are to inform the periodic review that must be completed by December 2022. We will continue to support the Secretary of State's review, which is expected to implement reforms set out in the Defence and Security Industrial Strategy.

If changes are made to the regulatory framework following the Secretary of State's review, we will support implementation by:

- Engaging with the MOD and industry and working closely with them to help develop the Secretary of State's proposals.
- Updating our pricing and reporting guidance and DefCARS.

Our programming of this work will be flexible and proactive, with implementation aligned to the timetable for new or amended legislation.

We will additionally keep the regulatory framework under review by considering information gathered from across our work, including compliance reviews, other thematic reviews (for example our work on overheads and amendments and variances), SSRO support, referrals, development of our guidance and methodologies, and engagement with industry and the MOD.

Our vision for 2025

The activities we undertake to derive and share operational learning will help to achieve our vision by continuously improving the regulatory framework within which the MOD and contractors agree and deliver value for money contracts and fair and reasonable prices.

We will know that we have achieved our vision for 2025 when we can see that:

- The SSRO's recommendations for legislative change are authoritative and accepted by the Secretary of State.
- There is stability in the regulatory framework and fewer changes to the legislation are required.
- Changes made to the regulatory framework deliver greater simplification in how it operates and better outcomes.
- Learning about how the regulatory framework operates is shared with and understood by stakeholders and leads to continuous improvements in the agreement and delivery of contracts.

We will identify issues and prioritise activities to address them in consultation with stakeholders and applying the prioritisation criteria set out on page 7 of this plan. This will involve continuous improvements to our guidance, DefCARS, our analysis, the support that we provide to industry and the MOD, and to the way we operate.

We will publish analysis that provides insights about qualifying defence contracts and the operation of the regulatory framework. Our statistical bulletins and annual compliance report are key publications and we will consider how these can be developed.

KPIs



- Users find reporting guidance clear, applicable and helps them meet reporting requirements (target 75%)
- Stakeholders agree the SSRO's pricing guidance is clear and applicable (target 75%)
- Stakeholders agree the SSRO's pricing guidance is useful in achieving value for money and agreeing fair and reasonable contract prices (target 85%)

Objective 4

Realise our vision that data submitted by defence contractors is fully utilised to support procurement decisions, contract management and development of the regulatory framework

We will facilitate better use of data in single source procurement by developing and responding to demand within the MOD. We will engage directly with selected MOD teams to identify their needs, build use of DefCARS data, and provide relevant analysis and management information. To deliver the data and insight that decision makers need, we will improve our guidance and technology.

Our existing projects on overheads and amendments and variances will be central to our work to encourage data quality and use. We aim to bring these projects to conclusion with proportionate changes to DefCARS and reporting guidance to:

- Improve reporting requirements for rates and overheads and support data quality and use.
- Provide the MOD with better information about how the price of a contract may change as it is delivered and support analysis of quantitative and qualitative segmented information about pricing amendments and cost variances.

DefCARS will remain our primary tool for collecting, storing, managing and providing secure access to the information submitted in reports. We will continue to develop DefCARS under new contract arrangements to better support utilisation, while ensuring that information entrusted to us is secure. This will include:

- Delivering our technology strategy for the future of DefCARS, which prioritises the analytical capability of the system to provide management information in support of improved data utilisation and compliance.
- Responding to any changes in reporting requirements arising from the Secretary of State's review.

Our vision for 2025

The clear policy behind the regulatory framework is that better use by the MOD of data reported by contractors will help the MOD and contractors agree and deliver value for money contracts and fair and reasonable prices. The activities we will undertake to deliver this objective will help achieve our 2025 vision by improving both the reported data and its use by the MOD.

We will know that we have achieved our vision for 2025 when we can see that:

- Reporting requirements only include information which is needed.
- Contractors submitting statutory reports understand what is required of them.
- The SSRO delivers impactful training and support to DefCARS users, increasing their ability to report effectively and efficiently.
- Levels of compliance with reporting requirements are high.
- DefCARS data is utilised to provide knowledge and insights to inform the negotiation and management of contracts to achieve value for money and fair and reasonable prices.
- The MOD actively requests analysis of statutory reports, which the SSRO provides within agreed timescales.

We will work closely with stakeholders to optimise DefCARS, gathering evidence on its operation, compliance with reporting requirements and the impact of DefCARS data.

Our wider work on reporting requirements will be targeted to improve data quality and use of the data in DefCARS to provide insights and knowledge. This will include updates to our reporting guidance and themed compliance reviews.

We will look for ways to improve the support we provide to contractors, which includes our helpdesk, onboarding meetings and training as we consider it to have a positive impact on timeliness of reporting and the quality of data provided.



- Proportion of reports submitted that are complete and meet the requirements of the legislation at the first attempt (target 75%) and that are submitted on time (target 75%)
- Proportion of reports submitted each year that are accessed by the MOD (target 75%)
- Proportion of MOD users satisfied with the usefulness of DefCARS data (target 75%)

Objective 5

Improve our reach and engagement with stakeholders to build our evidence base, share understanding and increase the benefits of the regulatory framework

We will maintain a proactive programme of stakeholder engagement to underpin delivery of our statutory functions and this Corporate Plan. Engagement is fundamental to the SSRO's evidence-based approach to its work, as we improve our understanding of issues in the regime and user needs by working closely with stakeholders.

We will periodically survey the views of stakeholders to understand how we are performing and inform improvements in our engagement. We will update our Stakeholder Engagement Strategy based on findings from the surveys and other feedback from stakeholders.

We will maintain and enhance engagement mechanisms which are working well, such as our operational working group, while continuously seeking to improve our approach. Finding better ways to reach stakeholders with whom engagement is currently limited will be a key focus. This will include improving our reach into the MOD, without reducing our engagement with industry.

We will build on successful approaches to engagement, such as working groups and communities of interest. We have established these with the MOD and industry to tackle difficult pricing issues and make greater use of reported data. Where people have participated in our projects, we will look to continue their interest and involve them in other relevant areas of our work.

We will increase our presence and participation at MOD and industry conferences and events so that we can share our expertise, reach those who may need our help and receive information and insight from stakeholders. We will ensure that the information we make available through our website and stakeholder updates meet the needs of stakeholders who do not engage proactively with us.

Our tools and systems for virtual engagement proved robust and effective during the COVID-19 pandemic.

Our vision for 2025

Our engagement activities help to achieve our vision by building knowledge and information which develops our expertise and informs our work at the heart of a continuously improving regulatory framework.

We will know that we have achieved our vision for 2025 when we can see that:

- The SSRO uses a range of appropriate engagement methods to enable stakeholders to input to and be informed about its work.
- The SSRO engages fully and appropriately with relevant parts of industry and the MOD, including actual and potential users of DefCARS data.
- Stakeholders are actively engaged with the SSRO to identify its priorities and realise the benefits of the regulatory framework.
- Stakeholders provide and receive meaningful feedback.
- Stakeholders understand the SSRO's role and believe the SSRO delivers its functions effectively and efficiently.

We are involving stakeholders in considering how we can maximise the benefits of this learning going forward and shape the different mechanisms we use for engagement.

We aim to have productive, trusted and open engagement with our stakeholders. To achieve this, we will consider stakeholder views and clearly communicate the reasons for our decisions or actions. There will be times when stakeholders may not agree with a decision, but we will explain why decisions are taken and show how feedback has been considered.

KPIs



- Stakeholders consider the SSRO engages well (target 90%)
- Planned engagement is successfully achieved (target 75%)

Objective 6

Develop a skilled, agile and engaged SSRO team and equip them with the right resources and technology

We will recruit staff with the right skills and knowledge, drawing expertise from a range of relevant professional domains. This will include those with MOD or defence industry experience. The procurement and delivery of large scale single source contracts and capital projects will remain key areas in which to access skills. We will undertake a further audit to check that we have the right skill sets, knowledge and experience and we will review our Workforce Strategy.

We value our people and will support everyone to deliver their best by:

- developing them to deliver the SSRO's objectives and progress their careers;
- building understanding of the SSRO's work, our sector and the contribution each person can make;
- working collaboratively and flexibly as a team and adapting to changing priorities.

As a small organisation, we expect to draw on additional, external support to deliver our objectives. We will use all appropriate avenues to obtain the expertise we need, including specialist contractors, temporary staff and secondments from stakeholders. We will continue to explore the benefits of a community of experts.

Our corporate values will be evident in all we do. Consistent with this we will work to further embed our inclusion of staff and all stakeholders, and will refresh and deliver our Single Equalities Scheme objectives over the life of the plan.

We will support the delivery of our objectives by efficiently using the right resources. We are building on our experience from the COVID-19 pandemic, and engaging as necessary with internal and external stakeholders to pursue optimal ways of working. We will continue to make innovative and secure use of information and technology and will manage these well. Our governance and support processes will efficiently help people to deliver their best.

Our vision for 2025

The activities we undertake to deliver this objective contribute directly to our expertise, which is central to our vision. They enable us to be effective in our work at the heart of a continuously improving and well functioning regulatory framework.

We will know that we have achieved our vision for 2025 when we can see that:

- Our team has the right skills and knowledge and we are making best use of our resources to achieve the SSRO's aims.
- Staff are actively engaged in the SSRO's work and see us as a good employer who supports and values people and treats them fairly.
- The SSRO manages and secures information to industry recognised standards and we comply with data protection laws.
- Our finance and governance systems are audit-assured, high-quality, efficient and effective.
- The SSRO will have a reduced carbon footprint.

We will develop both how and where we work. The SSRO's occupation of Finlaison House is due to come to an end in 2023 and will provide an opportunity to improve our efficient use of space. We will consider climate change and environmental sustainability in planning our future accommodation needs. We already operate a largely paperless office and, through remote and flexible working, will seek to further reduce carbon emissions associated with our operations.

KPIs



- Average number of days spent per person per annum on training (4 days)
- Employee survey shows staff are engaged (target 70%)
- DefCARS and SSRO Microsoft 365 environment are security accredited and the SSRO has Cyber Essentials Plus certification
- Staff feel included and treated fairly (target 90%)
- Manage our financial expenditure to within 2% of our corporate budget without exceeding our Grant-in-Aid limit

Objective 7

Enable the digital transformation of how we operate and the way we deliver our services and functions

We are committed to ongoing digital transformation that builds on our existing beneficial use of technology. We will pursue opportunities to make the regulatory framework more streamlined and efficient. Where necessary, we will seek stakeholder support for targeted, one-off capital investments to enable technological change. We will consider how others do things and stay open to innovations and ideas that improve how we work.

We successfully implemented a cloud-based, paperless office and will continue to develop our capabilities for remote and flexible working. We will look for ways to work faster, better and more collaboratively with industry and the MOD.

Our DefCARS Future Technology Strategy sets out a roadmap for developing the technology that underpins DefCARS. We will implement this strategy to improve the capabilities in DefCARS and better enable the system to support the regulatory framework and meet stakeholder needs.

The development of DefCARS will take place over time, rather than in a single complete re-development of the system. We expect to deliver the technology strategy over a period of three years, beginning in 2022/2023. As a key first step, we will transition DefCARS to the public cloud in 2022, so that the application and data are managed by the SSRO, while the platform infrastructure and services are provided by the public cloud service. As new features are introduced to DefCARS we will measure the use and take-up of these, so that we understand how well they are meeting users' needs.

We will work with stakeholders to vary and improve our approach to preparing and reviewing the SSRO's guidance. We aim for flexible guidance development that quickly addresses identified issues in appropriate cases, while taking longer on more difficult problems.

Our vision for 2025

The activities we will undertake to deliver this objective help to achieve our vision by putting in place the tools and systems necessary for an efficiently operating and continuously improving regulatory framework.

We will know that we have achieved our vision for 2025 when we can see that:

- DefCARS securely captures, stores and facilitates the use of information submitted in statutory reports. It allows automated data loading from other relevant systems, reduces manual data entry and encourages use of data in line with the SSRO's data strategy.
- Users see DefCARS as an intuitive, easy-to-use and engaging digital tool.
- DefCARS can adapt rapidly in response to changes in reporting requirements driven by legislative change.
- The SSRO delivers guidance flexibly, taking longer with difficult issues and responding swiftly where appropriate.
- The SSRO uses modern technologies and approaches, allowing it to work faster, better and more collaboratively with industry and the MOD, and efficiently and flexibly capture data and provide value for money.

Drawing on best practice from other regulatory bodies, we will investigate the benefits of an online content management system for more accessible and interactive guidance.

Throughout our work we will keep all information secure. We will continue to apply up-to-date policies and practices in relation to security.



- Users are satisfied with DefCARS as the platform for submitting reports (target 75%)
- MOD users are satisfied with DefCARS as a tool for monitoring and analysing reports and data (target 75%)

Work programme

Our current work programme over the life of the plan is set out below. We may need to reprioritise and amend this programme to accommodate work to make changes to our pricing and reporting guidance and to DefCARS in response to changes to the regulatory framework arising from the Secretary of State's periodic review of the legislation in 2021 or other stakeholder priorities.

	2022/23	2023/24	2024/25
Objective 1: Resolve questions raised by defence contractors and the MOD, helping consistent and best practice application of the regulatory framework	Deliver timely opinions and determinations on referred matters		
	Responding to questions and helping our stakeholders to make referrals		
	Review of our methodology for developing guidance		
Objective 2: Maintain a pricing system that supports value for money and fair prices and offers solutions to difficult pricing problems	Overheads	Overheads	Other guidance
	Rates recommendation	Rates recommendation	Rates recommendation
	Review aspects of our methodology		
Objective 3: Derive insights and learning from how the regulatory framework operates and make changes or recommendations to improve it	Implement changes in guidance and DefCARS arising from the Secretary of State's review		
	Compliance reviews and annual compliance report		
	Guidance updates (typically two each year) and responses to reporting issues		
Objective 4: Realise our vision that data submitted by defence contractors is fully utilised to support procurement decisions, contract management and development of the regulatory framework	Work on data use, including projects on overheads and amendments and variance		
	DefCARS service provision. Transition to new contract and public cloud.	DefCARS provision	DefCARS provision
	SSRO Support Improvement Plan	Review support arrangements	
	Activities in support of data use, such as targeted reviews, SSRO Support, statistics and analysis		
Objective 5: Improve our reach and engagement with stakeholders to build our evidence base, share understanding and increase the benefits of the regulatory framework	Review engagement strategy	2024 Stakeholder survey	Review engagement strategy
	Implement programme of targeted engagement with MOD and industry		
Objective 6: Develop a skilled, agile and engaged SSRO team and equip them with the right resources and technology	Review ways of working	Office move	
	Skills audit, review workforce strategy	Implement workforce strategy	Implement workforce strategy
	Corporate resource functions that support delivery.		
Objective 7: Enable the digital transformation of how we operate and the way we deliver our services and functions	Deliver the SSRO's DefCARS Future Technology Strategy to enhance DefCARS and digitally transform how the SSRO operates.		

Finance

The MOD has allocated the SSRO Grant in Aid of £6.385 million to fund its activities in 2022/23. The agreed budget relates to the SSRO's objectives for 2022/23. The SSRO's costs are largely stable and recurring with 98.5% per cent of the budget committed to existing contracts or anticipated costs.

The Corporate Plan sets out the SSRO's vision and reflects the ambitions of our stakeholders. The budget reflects anticipated efficiencies, known contractual changes and inflationary pressures. Continued efficiencies gained across wider SSRO activities mean aspects of planned DefCARS development can be undertaken as we progress to the next generation DefCARS platform.

Additional financial investment in the form of one-off capital investments may be required to fully realise the digital transformation for DefCARS and other processes that will deliver significant benefits to the SSRO and its stakeholders. Any such investment we make to DefCARS will be aligned with those requirements that may arise from the Secretary of State's review of the legislation.

The SSRO organises and manages its resources flexibly and efficiently through matrix management to meet its objectives.

The SSRO is flexible with its use of resources and this plan will be reviewed and revised during the year in response to emerging priorities. For example, additional resources may be allocated to support referrals as they are received.

Much of the SSRO's corporate support is procured through government framework contracts (IT managed services) or outsourced following open competition (payroll and financial ledger services). The organisation continues to adopt an agile approach to the procurement and delivery of corporate back-office and support functions, including expert support on regulatory matters.

The SSRO always seeks to ensure the most effective and efficient use of public funds. We look for better ways of working and identify efficiencies during the renewal of contracts by reviewing and competing service requirements. As contracts become due for renewal, there is a risk of increased costs as well as opportunities for realising greater efficiencies. The SSRO will liaise with the MOD on procurement outcomes to manage this risk as part of the annual cycle of funding approval.

The SSRO will continue to discuss with the MOD the impact of changed workload volumes or new requirements on its budget. If additional funding is required, this will be sought from the MOD through business cases in-year, during the life of this plan.

Budget area	£,000
Staff	4,526
Staff related	190
Accommodation	727
ICT	634
Legal & professional	95
Other supplies & services	309
Total running costs	6,481
Regulatory database - DefCARS	93
Total costs	6,574
Rental income	(189)
Total budget	6,385

Table: SSRO's Budget for 2022/23



Alternative scenarios and risk factors

This section sets out the most significant risks and scenarios that may affect the delivery of the SSRO's Corporate Plan and our response to these.

Risk management is an integral part of the SSRO's internal control framework. The SSRO's approach to risk management is in line with its agreed Risk Management Policy:

- The Chief Executive is responsible for the internal control framework, which incorporates risk management processes and the Corporate Risk Register.
- The SSRO Board puts in place effective arrangements to provide assurance on risk management, governance and internal control.
- The Audit Committee supports the Board in its role, providing scrutiny, oversight and assurance of risk management and reviewing the Risk Management Policy annually.

The SSRO's risk management policy provides for a corporate risk register to be maintained and reviewed regularly by the Executive Committee and Audit Committee.

Project Managers and Executive Committee members escalate significant new risks to the Corporate Risk Register through the monthly Corporate Performance Report, or through the section on risk management that is included in all papers to SSRO Committees.

The risks identified in the Corporate Risk Register are mitigated and this is reflected in how we plan and prioritise our work, as set out in this document. This approach ensures we are able to adapt and work within the resources we have.

The most significant risks that may impact on the delivery of the Corporate Plan are that:

- actions are taken or changes made by external parties, which impact on the SSRO's priorities; and
- the information entered into DefCARS is of poor quality or is not used effectively, resulting in no comparable information being available or utilised.

We anticipate economic, policy and legislative changes during the period of this Corporate Plan which have potential to significantly impact both single source defence procurement and the regulatory framework:

- financial and other consequences of the global pandemic; and
- the extent of the Secretary of State's periodic review of the regulatory framework and resulting changes and the pace at which they are implemented.

There is a risk we will be unable to obtain the investment needed to achieve our objectives. If the pace and scale of change are significant, we may struggle to respond. To mitigate these risks, we plan flexible prioritisation over the life of the plan, close engagement with key stakeholders and clear communication about our work.

The single source framework provides for consistent collection of comparable information across all single source contracts. To realise the benefits of the regime, only required data should be collected. The data should be good quality and fully utilised in support of single source procurement. The SSRO's Annual Compliance Reports have identified risks to both data quality and use. We want to identify an increase in use of DefCARS data by the MOD, without which we cannot know whether the data collected best meets the MOD's needs. We will coordinate delivery of our statutory functions in line with our data strategy to influence, promote and support effective use by stakeholders of data derived from the framework.

Performance in 2021/2022

Objective	Target	Performance
1: Resolve questions raised by defence contractors and the MOD, helping consistent and best practice application of the regulatory framework		
Annual increase in the number of referrals made to the SSRO		Met. The SSRO received two referrals in 2021/22 and gave pre-referral advice and support on four other contracts
Opinions and determinations are completed within target timeframes	-	No referrals were due to complete during 2021/2022
Proportion of stakeholders involved in a referral who agree the SSRO engages effectively throughout the referral	75%	94%
2: Identify and offer solutions to difficult and long-standing problems with pricing single source defence contracts		
Stakeholders solve single-source pricing problems aided by or using the solutions identified by the SSRO	Pass/fail	Pass
Provide assessments to the Secretary of State of the baseline profit and capital servicing rates that demonstrably support value for money and fair and reasonable prices	-	Met
Proportion of stakeholders who agree the SSRO's guidance is clear and applicable	75%	84%
Proportion of stakeholders who agree the SSRO's pricing guidance is useful in agreeing contract prices that support value for money for Government and fair and reasonable prices for contractors.	75%	82%
3: Derive insights and learning from how the regulatory framework operates and make changes or recommendations to improve it		
Following engagement with our stakeholders, the SSRO will provide its recommendations for the Secretary of State's Review by no later than 30 June 2021	-	Met
Develop and deliver an implementation plan for any changes to the regulatory framework required in response to the Secretary of State's review in 2021	-	Plan prepared and will be finalised when outcome of the review is known
4: Realise our vision that data submitted by defence contractors is fully utilised to support procurement decisions, contract management and development of the regulatory framework		
Proportion of users satisfied with DefCARS as the platform for submitting reports	75%	72%
Proportion of contract reports submitted that are complete and meet the requirements of the legislation at the first attempt (target 60%) and that are submitted on time (target 75%)	60%	60% at 28 Feb 2022 ¹
	75%	67% at 28 Feb 2022 ¹
Proportion of reports submitted each year that are accessed by the MOD	75%	55% at 31 Jan 2021 ^{1,2}
Proportion of defence contractors satisfied with the assistance and support provided by the SSRO when first entering into a qualifying contract	75%	92%
Response to Section 36/37 requests for provision of analysis or information provided within agreed timescales	100%	100%

Objective	Target	Performance
5: Improve our reach and engagement with stakeholders to build our evidence base, share understanding and increase the benefits of the regulatory framework		
Stakeholders consider the SSRO engages well	80%	93%
Number of MOD stakeholders that engage with the SSRO on pricing and data issues	-	Performance will be published in our Annual Report & Accounts for 2021/22
Stakeholders satisfied with assistance provided by the SSRO helpdesk	90%	100%
Substantive responses to SSRO helpdesk queries provided within 5 working days	90%	99%
6: Develop a skilled, agile and engaged SSRO team and equip them with the right resources and technology		
Manage our financial expenditure to within 2% of our corporate budget without exceeding our Grant-in-Aid limit	-2%	-2%
Employee survey results for overall engagement	70%	62%
Average number of days spent per person per annum on training	3 days	3 days
7: Enable the digital transformation of how we operate and the way we deliver our services and functions		
Stakeholders, staff and members agree that the SSRO provides effective and intuitive digital tools in support of its statutory functions	-	Performance will be published in our Annual Report & Accounts for 2021/22

¹ Performance as at March 2022 will be published in our Annual Report & Accounts for 2021/22.

² Data was extracted on 28 February 2022 to allow an additional 15 working days for the MOD to access reports submitted at the end of the period, in line with MOD guidance.

