



# SSRO

Single Source  
Regulations Office

## CORPORATE PLAN

2023-2026

# Chair's foreword

**With pressure on Government finances, defence procurement is taking place within an increasingly challenging environment, which raises the levels of risk for buyers and suppliers alike. As Government and industry come together to overcome these challenges, legislative changes are also being introduced to improve the operation of the single source regime.**

These changes provide a platform and an opportunity to realise further benefits of the single source regime that will better equip both the MOD and the UK defence industry to deliver government policy successfully and meet the needs of our armed forces.

For our part, we have reviewed our own plans and approach, recognising that by proactively playing our role, working with and alongside our stakeholders, the SSRO can both support and drive this forward.

The time is right for the SSRO to take this next step. The single source regime is maturing and so the SSRO is making a strategic shift, placing a greater focus on engaging with stakeholders. This is at the heart of our Corporate Plan and is reflected in our simplified objectives and priorities.

What does that mean? You will see us on the ground more, increasingly working closely with our stakeholders; retaining our independence but using our skills to support them in using the tools and guidance we have developed.

Our priorities are:

- improvements to pricing and reporting guidance in response to new legislation;
- regime tools use and awareness;
- insight, analysis and report development; and
- a focus on pre-referral engagement and, when needed, faster responses to referrals.

Through delivering on these priorities we are targeting outcomes that will see:

- insights being derived that drive improvements in procurement and contract management;
- better understanding, and the consistent application of the regime – contributing to speed and simplicity improvements in procurement; and
- speedier issue resolution through pre-referral engagement.

Our recent capability review revealed that, across both industry and the MOD, stakeholders believe that we are performing our role, with both our professionalism and the improvements in effectiveness we have made being noted. We continue to recognise however that we need to maintain a range of skills, including commercial procurement, and will continue to build on these, while drawing on specialist and experienced resource when required.



**Hannah Nixon**  
Chair, SSRO



# This document sets out:

Who the SSRO are and what we do (page 3)

Our three regulatory objectives (pages 4-6)

1. Maintain a pricing system that supports value for money and fair prices

2. Support a well-functioning regulatory framework

3. Promote the utilisation of DefCARS data and insights to support procurement decisions and contract management

...which are supported by three enabling objectives (pages 7-9)

4. Engaging with our stakeholders

5. A skilled, agile and engaged SSRO team

6. Operate an efficient and effective organisation

Our work programme for 2023-2026 (page 10)

An overview of our performance in 2022-2023 (page 11)

A look at our finances and risk factors (page 12)








# The SSRO – who we are and what we do

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.

**Our vision: Advancing value for money and fair prices in defence procurement**

Our purpose is to deliver our statutory functions to support and improve the operation of the regulatory framework. In carrying out our statutory functions, we aim to 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.

## Our statutory functions

 <b>Records</b> Keeping an up-to-date record of qualifying contracts and receiving statutory reports from defence contractors under the regulatory framework.	 <b>Contract Profit Rate</b> Recommending the appropriate baseline profit rate, capital servicing rates and SSRO funding adjustment for use in calculating contract profit rates.	 <b>Guidance</b> Publishing guidance on Allowable Costs, Contract Profit Rate steps, Reporting and Penalties.	 <b>Review</b> Keeping the operation of the regulatory framework under review and making recommendations for changes to the Secretary of State.
 <b>Referrals</b> Giving opinions and making determinations on matters referred to the SSRO concerning the regulatory framework.	 <b>Compliance</b> Keeping under review the extent to which reporting requirements are being complied with.	 <b>Analysis</b> Analysing reported data on request for the Secretary of State and developing insights.	

We engage closely with the MOD, industry and other stakeholders, and our people bring a diverse range of skills and experience to the regulation of single source contracts.

We are accountants, economists, lawyers, analysts, and specialists in defence acquisition, regulatory policy, IT, procurement and contracting roles.

## Objective 1

---

# Maintain a pricing system that supports value for money and fair prices

---

The government's Defence and Security Industrial Strategy commits to improving defence acquisition, with significant changes to the single source regulatory framework being envisaged in the Procurement Bill currently before Parliament. Addressing the implications of this will form a substantial part of our pricing work in the first half of this plan. 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.

### Key activities

---

We will support industry and the MOD to successfully implement the legislative changes by providing new or amended guidance on pricing contracts. This new guidance will include alternative pricing, pricing components, and changes to the contract profit rate calculation steps.

---

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 defence contracts.

---

We will support stakeholders by providing rapid and targeted updates to our pricing guidance on topical / emerging issues (such as inflation).



---


Starting in the first year of the plan we will consider how the MOD's purchasing decisions are evolving by reviewing the DefCARS contract portfolio and representations from industry and consider whether this signals the need to further develop our activity types.


---

### KPIs:

**1a:** % Annual assessment of the baseline profit and capital servicing rates is accepted by the Secretary of State.

**1b:**   Median agreed contract profit rates are within 2.0 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment).

**1c:**  Median actual contract profit rates are within 5.0 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment).

**1d:**  Percentage of stakeholders who agree that the SSRO's pricing guidance is clear, applicable and useful in agreeing contract prices that support VFM and fair & reasonable prices (target: 75%).



## Objective 2

---

### Support a well-functioning regulatory framework

---

A well-functioning regulatory framework enables the MOD and industry to agree and deliver contracts that provide value for money and fair and reasonable prices. We use our expertise in regulation to support both stakeholder groups to apply the regulatory framework in a consistent and effective way by issuing guidance and by responding to their queries that range from simple questions requiring signposting to existing guidance, to complex queries that necessitate tailored responses. Our priority in the first half of the period covered by this plan will be to continue supporting industry and the MOD to implement the reforms to the regulatory framework set out in the Procurement Bill.

#### Key activities

---

We will deliver a coordinated programme of changes to our pricing and reporting guidance and to DefCARS through a work programme that aligns with the Procurement Bill timetable and the MOD's planned dates for implementation, with secondary legislation in spring 2024.

---

We will then transition our support to helping industry and the MOD to use and apply the tools of the regulatory framework. We will supplement our provision of guidance with a significant increase in direct face to face engagement with users. This will enable us to discuss and receive direct feedback as well as provide help on the ground to stakeholders in understanding and applying the guidance and legislation consistently. We will also invite industry and MOD staff to work directly with us for short placements to help us develop our guidance.

---


We will increase stakeholder understanding of referrals. We will do this by spending more time on and using a structured approach to pre-referral engagement. We will implement a fast-track opinion option to allow for quicker resolution and contract negotiations without compromising the quality and rigour of our referral work.



---



We will continue to keep the regulatory framework under review by considering information gathered from across our work and engagement with stakeholders and make recommendations to the Secretary of State where legislative change could optimise the framework and the benefits from the single source regime.


---

#### KPIs:

**2a:**  Increase in requests for pre-referral support.

**2b:**   Proportion of responses to questions raised with SSRO provided within target timeframes (target: 90%).

**2c:**   New pricing and reporting guidance published in time to support the implementation of changes arising from Schedule 10 of the Procurement Bill (target: Autumn 2023 and Spring 2024).

**2d:**  Increase in engagement measured through number of planned workshops, key face to face engagements and training events for the MOD and Contractors.

## Objective 3

---

# Promote the utilisation of DefCARS data and insights to support procurement decisions and contract management

---

A key benefit of the regulatory framework is greater transparency. Better use by the MOD of the data reported by contractors will help both parties agree and deliver value for money contracts and fair and reasonable prices. Our platform for receiving data (the Defence Contract Analysis and Reporting System or DefCARS) is efficient and minimises the reporting burden on contractors. It is our primary tool for collecting, storing, managing and providing secure access to the information submitted in reports.

### Key activities

---

We will maintain and enhance DefCARS as our primary tool for collecting, storing and managing data as well as providing secure access to the information submitted in contractors' reports.

---

We will develop and publish analysis that provides insights about qualifying defence contracts and the operation of the regulatory framework.

---

We will continue to develop our key publications such as our statistical bulletins and annual compliance report.

---

We will continue to develop DefCARS to better support data collection and utilisation, while ensuring information entrusted to us remains secure.

---

We will facilitate better utilisation of DefCARS data and provide insights to support procurement decisions and contract management by engaging directly with selected MOD decision making teams to identify likely users of data and their needs, engaging directly with them, providing hands-on support including on compliance and data use.

---




We will proactively promote example MI that helps the MOD teams seeking to use MI in DefCARS and generate s36 and s37 requests which our analysis team can then deliver to the MOD in Power BI.



---





We will assess the impact of DefCARS data, and compliance activities, to help us make recommendations on how the reporting framework should develop in the future and to encourage wider data utilisation in the MOD.


---

### KPIs:

**3a:**    The number of new management information reports produced using DefCARS data (target 5) AND the number of Section 36/37 requests for analysis responded to within the agreed initial timescales (target 95%).

**3b:**   % of reports submitted by contractors that are complete and meet the requirements of the legislation at the first attempt (target 75%) AND % of reports submitted on time (target 75%).

**3c:**     Number of MOD Teams engaged with as part of the Data Utilisation project (target 3) AND Engagement on Data Utilisation - increase in the percentage of contractor submitted reports accessed by MOD teams engaged with as part of the Data Utilisation project (target 10 percentage points).

**3d:**  Users are satisfied with DefCARS and DefCARS data (target 75%).

# Enabling Objectives

Delivery of our three regulatory objectives relies on the successful achievement of our three enabling objectives. These are engagement with our stakeholders, developing the SSRO team, and operating efficiently and effectively.

## Objective 4 --- Engaging with our stakeholders

---

### Key activities

---

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, improving our understanding of issues in the regime and user needs as well as achieving our vision by working closely with stakeholders.

---

We will significantly increase our in-person engagement as part of our data-utilisation work, pre-referral support and in support of delivering the legislative changes. We will provide help and support on the ground to stakeholders in understanding and applying the guidance and legislative framework consistently.

---

---

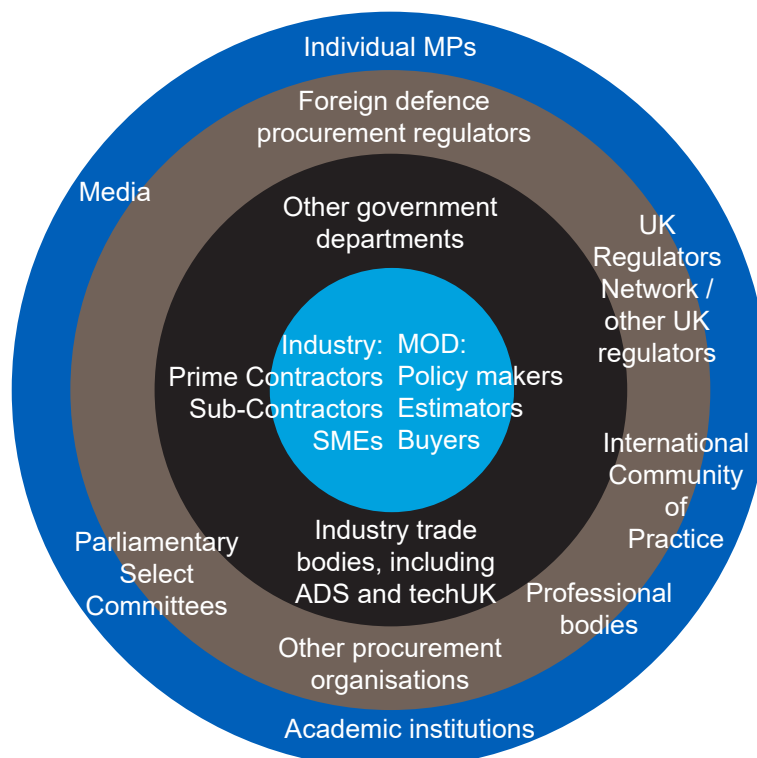
We will periodically survey the views of stakeholders to understand how we are performing and to improve further our services and future engagement. We will continue to develop ways and opportunities to do this more frequently than our biennial stakeholder survey.

---

### KPIs:

**4a:** Stakeholders consider the SSRO engages well (target 90%).

**4b:** Planned engagement is successfully achieved (target 75%).





## Objective 5

---

### A skilled, agile and engaged SSRO team

---

#### Key activities

---

We will continue implementing our Equality Scheme to embed diversity, and inclusivity for all staff. We want our staff to be motivated and actively engaged in the SSRO's work and see us as a good employer who supports and values people and treats them fairly. We are committed to and united by our values which are:

#### **Inclusive, Independent, Authoritative, and Transparent**

---

We will in the first year of the plan implement the SSRO Commercial Training Pathway utilising the Defence Learning Environment and other sources as well as arrange short placements at the MOD and industry for our staff to enhance and maintain the team's knowledge and understanding of commercial practices in defence contracting within the MOD and industry.

We will support everyone in their professional development enabling them to both progress their careers and deliver the SSRO's vision and objectives.

---

We will continue to recruit staff with the right experience, skills and knowledge, drawing expertise from a range of relevant professional domains. This will include those with MOD or defence industry experience. We will draw on additional, external support and expertise to deliver our objectives. This will include secondees, specialist contractors, temporary staff, our independent panel members where appropriate and secondments from stakeholders.

---

#### **KPIs:**

**5a:** Employee survey shows staff are engaged (target 70%).

**5b:** Staff feel included and treated fairly (target 90%).

**5c:** Percentage of staff who have completed the SSRO Commercial Training Pathway or other CPD for the year (target 80%).



## Objective 6

---

### Operate an efficient and effective organisation

---

#### Key activities

---

We will continue to pursue optimal ways of working and make innovative and secure use of information and technology. Our governance and support processes will be managed well to efficiently help people to deliver their best.

---

We will remain within 2 per cent of the allocated budget each financial year. By leaving Finlaison House in Spring 2023, we will rationalise our office space and relocate to available surplus government estate in 100 Parliament Street. This will both improve our efficiency and, coupled with remote and flexible working, will also enable us to further reduce the carbon emissions associated with our operations.

---

Our current work programme over the life of the plan is set out below. This may be reprioritised if significant changes arise to the MOD's timetable for Procurement Bill implementation. We will support the delivery of our objectives by efficiently and effectively using the right resources to ensure value for money in the way we deliver our current work programme as set each year.

---

#### KPIs:

**6a:** Manage our financial expenditure to within 2% of our corporate budget without exceeding our Grant-in-Aid limit.

**6b:** Significant project milestones met.



# Work programme 2023-2026

	2023/24	2024/25	2025/26
<b>Objective 1:</b> Maintain a pricing system that supports value for money and fair prices	Pricing guidance updates and responses to issues		
	BPR activities review		
	Rates recommendation	Rates recommendation	Rates recommendation
<b>Objective 2:</b> Support a well-functioning regulatory framework	Referrals, penalties and reporting guidance updates and responses to issues		
	Deliver timely opinions and determinations on referred matters		
	Responding to questions and helping our stakeholders to make referrals		
	Implementation of Procurement Bill driven changes to guidance and DefCARS		
<b>Objective 3:</b> Promote the utilisation of DefCARS data and insights to support procurement decisions and contract management	DefCARS service provision		
	Apply revised compliance methodology including publishing compliance reports		
	Data utilisation project		
	Produce and publish statistical bulletins		
	Respond to requests for data, MI and analysis from MOD and proactively develop insights		
	Activities in support of data use, such as targeted reviews and SSRO Support		
	Technology strategy: DefCARS enabling changes	Technology strategy: Efficiency and automation	
		Data strategy refresh	

# Performance in 2022-2023

Performance information for 2022/2023 will be provided in the final version of the Corporate Plan 2023-2026 to be published in April 2023.

Objective	Target	Performance
<b>1: Resolve questions raised by defence contractors and the MOD, helping consistent and best practice application of the regulatory framework</b>		
Annual increase in the number of requests for pre-referral support and referrals made to the SSRO	Year on year increase	The SSRO received 6 requests in 2022/23, compared to 4 in 2021/22.
Responses to questions provided within target timeframes (includes Opinions and determinations being completed within target timeframes, as well as helpdesk, s.36/37 requests)	90%	99%
Stakeholders are satisfied with assistance provided by the SSRO	90%	96%
<b>2: Maintain a pricing system that supports value for money and fair prices and offers solutions to difficult pricing problems</b>		
Stakeholders solve single-source pricing problems aided by or using the solutions identified by the SSRO	Pass/fail	Pass*
Annual assessment of the BPR and capital servicing rates is provided on time and accepted by the Secretary of State	Pass/fail	Pass*
Median contract profit rates are within 2.5 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment)	+/- 2.5 pp	0.19
<b>3: Derive insights and learning from how the regulatory framework operates and make changes or recommendations to improve it</b>		
Stakeholders agree the SSRO's pricing guidance is clear and applicable	85%	88%*
Users find reporting guidance clear, applicable and helps them meet reporting requirements	75%	76%*
Stakeholders agree the SSRO's pricing guidance is useful in achieving value for money and agreeing fair and reasonable contract prices	75%	82%*
<b>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</b>		
Proportion of MOD users satisfied with the usefulness of DefCARS data	75%	57%*
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%)	75%	66%
	75%	65%
<b>5: Improve our reach and engagement with stakeholders to build our evidence base, share understanding and increase the benefits of the regulatory framework</b>		
Stakeholders consider the SSRO engages well	90%	93%*
Planned engagement is successfully achieved	7-8 complete	100%

\* Results drawn from the [2022 SSRO stakeholder survey](#), published June 2022.

Objective	Target	Performance
<b>6: Develop a skilled, agile and engaged SSRO team and equip them with the right resources and technology</b>		
Manage our financial expenditure to within 2% of our corporate budget without exceeding our Grant-in-Aid limit	+/- 2 pp	0.46%
Employee survey shows staff are engaged	70%	54%
Staff feel included and treated fairly	90%	76%
Average number of days spent per person per annum on training	4 days	4.3 days
DefCARS and SSRO Microsoft 365 environment are security accredited and the SSRO has Cyber Essentials Plus certification	Pass/fail	Pass
<b>7: Enable the digital transformation of how we operate and the way we deliver our services and functions</b>		
Users are satisfied with DefCARS as the platform for submitting reports	75%	72%*
MOD users are satisfied with DefCARS as a tool for monitoring and analysing reports and data	75%	58%*
<b>8: Cross cutting KPI</b>		
Significant project milestones met	90%	90%

\* Results drawn from the [2022 SSRO stakeholder survey](#), published June 2022.

## Finance, alternative scenarios and risk factors

The MOD has allocated the SSRO Grant in Aid of £6.350 million to fund its activities in 2023/24 in relation to the SSRO's objectives for 2023/24. Additional funding for the Dilapidations costs (currently estimated at £134,000) is expected once these costs are fully known.

The SSRO's costs are largely stable and recurring with 98.5 per cent of the budget committed to existing contracts and staff costs. The budget reflects anticipated efficiencies, known contractual changes and inflationary pressures.

Our resources are flexibly and efficiently organised through matrix management to meet our objectives and make revisions in response to emerging priorities. SSRO's corporate support is partially procured through government framework contracts (IT managed services) or outsourced (payroll and finance) with adoption of an agile approach to the procurement and delivery of support functions, as well as expert support on regulatory matters.

### SSRO's Budget for 2023/24

Budget area	£,000
Staff	4,629
Staff related	198
Accommodation	445
ICT	652
Legal & professional	96
Other supplies & services	374
<b>Total running costs</b>	<b>6,394</b>
Accommodation – dilapidations provision	134
Total costs	6,528
Rental income	(44)
<b>Total budget</b>	<b>6,484</b>

The SSRO always seeks to ensure the most effective and efficient use of public funds. We seek to identify efficiencies during the renewal of contracts by reviewing and competing service requirements where appropriate. We will liaise with the MOD as part of the annual cycle of funding approval and discuss the impact of and manage the risks associated with changed workload volumes or new requirements on our budget. If additional funding is required, this will be sought through individual business cases in-year, during the life of this plan.

Risk management is an integral part of the SSRO's internal control framework. As set out in the SSRO's risk management policy, responsibilities fall as follows:

- The SSRO Board puts in place effective arrangements to provide assurance on risk management, governance and internal control.
- The Audit Committee supports the Board, providing the SSRO's assessment and management of risk, reporting to the Board its views on the SSRO's risk management.
- The Chief Executive is responsible for the internal control framework, which incorporates risk management processes and the Corporate Risk Register (CRR). The CRR is owned and maintained by the Executive Committee and reviewed regularly by the Audit Committee.

These risks are reflected in how we plan and prioritise our work. The significant risks that may impact on the delivery of our Plan are:

- **Data entered into DefCARS is under-utilised.** To realise the benefits afforded by the regime, and support value for money, only the data required should be collected, in a way that promotes data quality. This data should be fully utilised and we would like to increase the current use of DefCARS data, to ensure that the data collected best meets the MOD's needs. We will deliver our statutory functions in line with our data strategy to influence, promote and support effective use by stakeholders of regime data.
- **The regulatory framework does not always operate optimally or consistently.** Effective operation of the regulatory framework depends on the knowledge, understanding and cooperation of key stakeholders. With current changes being introduced to the regime the risk of inconsistency of application may increase, resulting in it operating sub-optimally. We seek to mitigate this risk with greater and improved support through our programme of stakeholder engagement, described in our Stakeholder Engagement Strategy.