

SSRO

Single Source
Regulations Office

Activity type factsheet Ancillary Services

Under the Defence Reform Act 2014, the SSRO must provide the Secretary of State with its assessment of the appropriate rates used to determine the contract profit rate for pricing qualifying defence contracts and qualifying sub-contracts. Part of the methodology is the categorisation of comparator companies in to four activity types.

- Develop and Make
- Provide and Maintain
- Ancillary Services
- Construction

The results of these groups are separately analysed and this fact sheet describes the Ancillary Services group.

The baseline profit rate combines results from “Develop and Make” and “Provide and Maintain”, as set out in the *Recommendation Factsheet*. For further information on the methodology used to calculate these rates please see the *Single Source baseline profit rate, capital servicing rates and funding adjustment methodology*.

Ancillary services

Companies undertaking comparable activities considered as ‘ancillary services’ are expected to deliver either one of administrative, facilities or IT support activities. Companies undertaking these support services are not expected to bear any significant risks other than that of failing to provide the contracted outputs. This captures risk in relation to the delivery of the services, contract risk, procurement risk, staff risk and some quality control risk in respect of these activities.

Profit on cost of production

	2016/17	2017/18	2018/19	2019/20	2020/21
Underlying rate (unadjusted for capital servicing)	4.59%	4.31%	4.49%	5.86%	4.19%
Capital servicing adjustment	-0.09%	-0.36%	-0.14%	-0.32%	-0.37%
Underlying rate	4.50%	3.95%	4.35%	5.54%	3.82%
Three-year rolling average	8.43%	6.11%	4.27%	4.61%	4.57%

Note: The capital servicing adjustment accounts, at an aggregate level, for different levels of capital employed across the companies in the index and so sets a baseline upon which Step 6 of the contract profit rate applies.

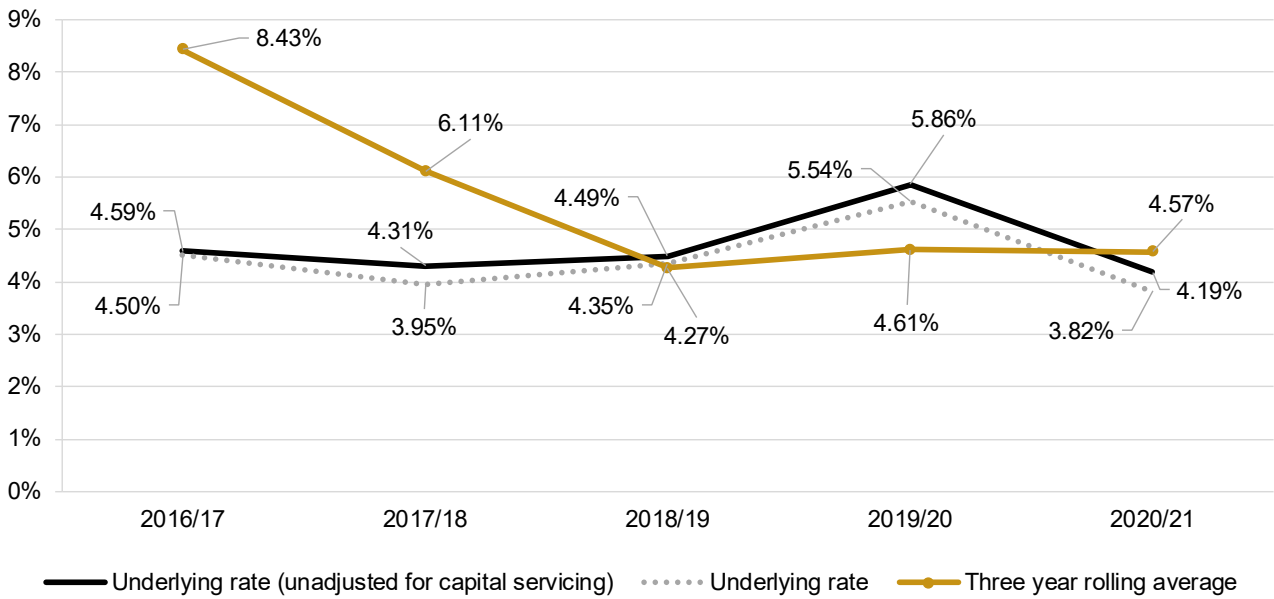
The pre-2016/17 underlying rates used for the three-year average were calculated using the Review Board’s methodology, which were not specific to this activity type. 2014/15: 10.92%, 2015/16: 9.88%.

Data sources

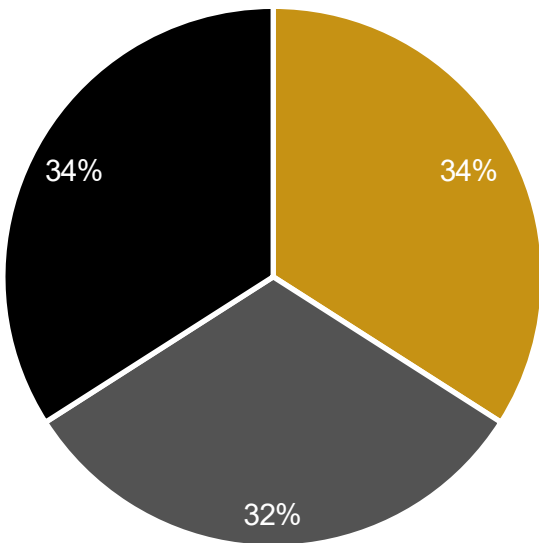
For further information on the data selection approach please see section 7 of the *Single Source baseline profit rate, capital servicing rates and funding adjustment methodology*. A full search of the Orbis database¹ was carried out on 11 November 2019 on data update number 189002 using software version 189. The financial data for the calculation was extracted from Orbis at the same time.

¹ <https://www.bvdinfo.com/en-gb/our-products/data/international/orbis>

Median capital servicing adjusted return on cost of production

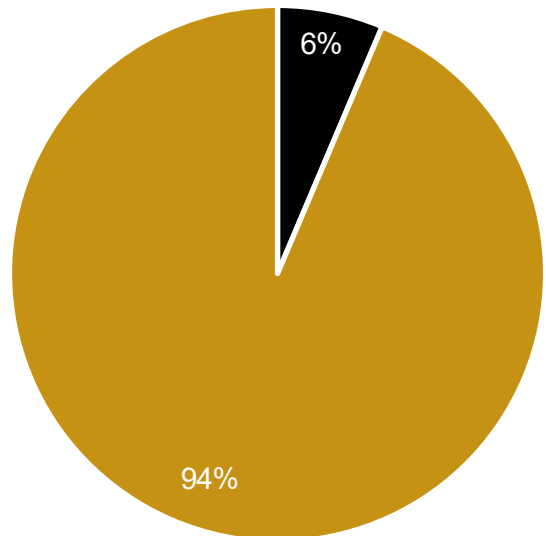


Proportion of Companies by country



- Western Europe excluding United Kingdom
- United Kingdom
- North America

Proportion of companies with defence keyword



- Defence
- Other

Supplementary statistics

Number of companies	52
<i>of which profit making</i>	47
Aggregate turnover	£105
Total capital employed (CE)	£10
Average company CP:CE ratio	9.29

Source: Orbis (Cash figures shown in GBP Billions)

Names of companies in the index

ABM Industries INC	Cliener SA	Firstservice Corporation	Netapp, Inc.
Aramark	Compass Group PLC	Fiserv INC	O.C.S. Group Limited
Arcus Solutions (Holdings) Limited	Concessionaria Hospital Universitari SON Espases SA	Garbaldí Sociedad Anonima	O.V.D. Invest
Atlas FM Limited	Conduent Incorporated	Garnica Sociedad Anonima	OCO Limited
Automatic Data Processing INC	Coor Service Management Holding AB	Healthcare Services Group INC	Paychex INC
AUX Nettoyeurs Encaustiqueurs Reunis	CSG Systems International INC	IAN Williams Limited	prego services GmbH
Azurial	Cynergistek, Inc.	Internap Corporation *	Puligest S.R.L.
Beilby Marsham LTD	DOC Cleaning Limited	Interserve PLC *	Rentokil Initial PLC *
Bilby PLC *	Elior Group	ISS A/S	Restore PLC
Blueglade Limited	Endurance International Group Holdings, Inc.	Lacera Servicios Y Mantenimiento SA	Serco Group PLC
Bulloughs Cleaning Services Limited	Equinix INC	Limpieza Y Mantenimiento Impacto Sociedad Limitada	Sykes Enterprises INC
Churchill Contract Services Group Holdings Limited	Euro&Promos FM Societa' PER Azioni IN Forma Abbreviata Euro&Promos FM S.P.A.	Mears Group PLC	Synchronoss Technologies, Inc. *
City Facilities Management Holdings Limited		Mitie Group PLC	Trinet Group, Inc.
			Tyler Technologies INC

* Indicates that the company is a loss-maker in the year. The data for loss-makers are not included in the 2020/21 assessment, but the companies will be taken forward for consideration next year.