

SSRO

Single Source
Regulations Office

Activity type factsheet Ancillary Services

Under the Defence Reform Act 2014 (the 'Act'), 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.

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*.

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.

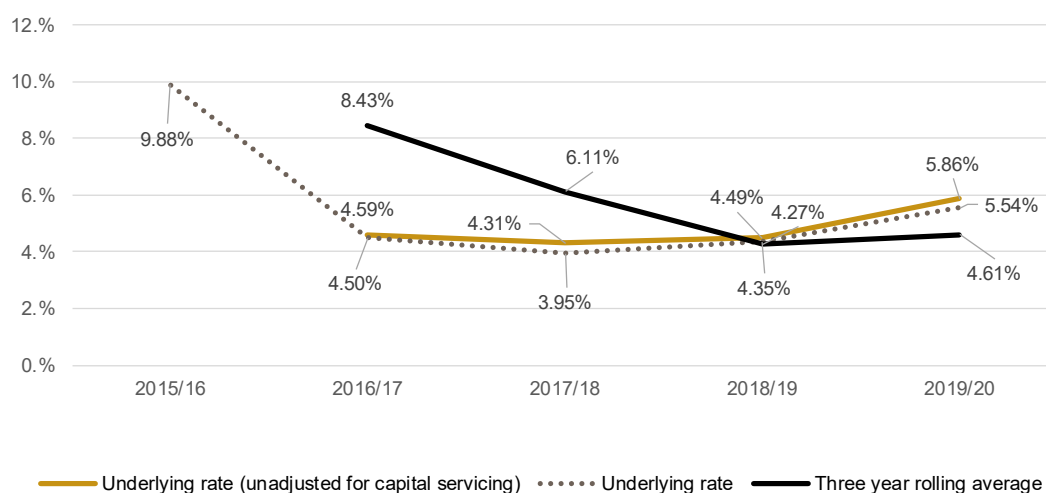
Profit on cost of production

	2015/16	2016/17	2017/18	2018/19	2019/20
Underlying rate (unadjusted for capital servicing)	-	4.59%	4.31%	4.49%	5.86%
Capital servicing adjustment	-	-0.09%	-0.36%	-0.14%	-0.32%
Underlying rate	9.88%*	4.50%	3.95%	4.35%	5.54%
Three year rolling average	10.60%	8.43%	6.11%	4.27%	4.61%

Note: The capital servicing (CS) adjustment accounts, at an aggregate level, for different levels of capital employed across the companies in the index.

*Calculated using the Review Board's methodology, which did not incorporate separate activity types or a separate presentation of capital servicing adjustments. Consequently, for 2015/16 the underlying rate used in the SSRO's calculations and the three-year rolling averages are common across all activity types.

Median capital servicing adjusted return on cost of production

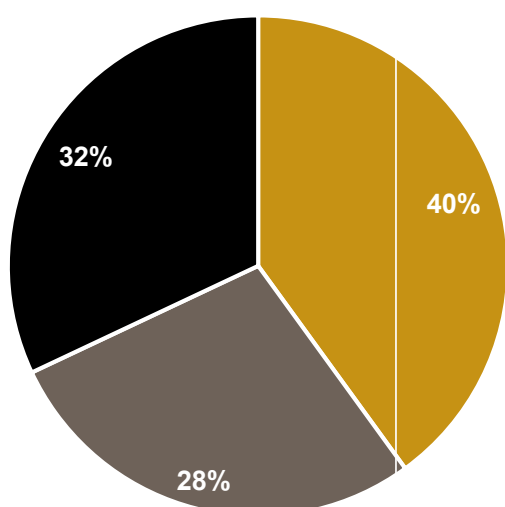


Names of companies in the index

A Saether Compagniet AS	Churchill Contract Services Group Holdings Limited	Healthcare Services Group INC	Royal Holding AS
ABM Industries INC	Compagnie Parisienne DU Nettoyage	Iron Mountain INC	Serco Group PLC
Aramark	Compass Group PLC	Novasol	Synergy Security Solutions Limited
Automatic Data Processing INC	Cynergistek, Inc.	O.V.D. Invest	The Abbotshurst Group Public Limited Company
AUX Nettoyeurs Encaustiqueurs Reunis	Elior Group	Paychex INC	Trinet Group, Inc.
Beilby Marsham Ltd	Gestion Aeronautica Integral Canaria SL	Puligest S.R.L.	
Bulloughs Cleaning Services Limited		Rentokil Initial PLC	

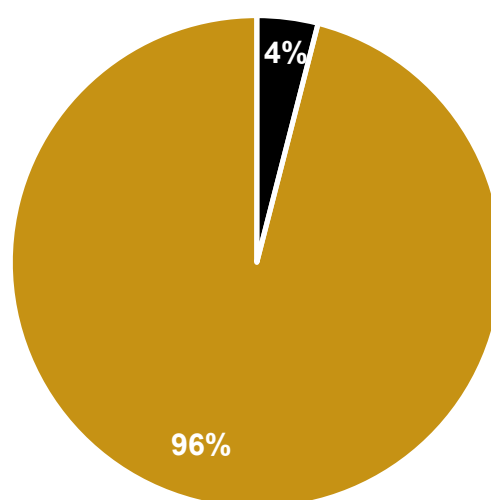
**indicates new company for 2019/20*

Number of companies by country



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

Number of companies by defence as keyword



- Defence
- Other

Supplementary statistics

Number of companies	25	Total capital employed (CE)	£5.51
Aggregate turnover	£67.70	Average company CP:CE ratio	11.12

Source: Bureau van Dijk – Orbis (Cash figures shown in GBP Billions)