

SSRO

Single Source
Regulations Office

SSRO CORPORATE PLAN 2019-2022





Who we are

The Single Source Regulations Office or SSRO is an executive non-departmental public body, sponsored by the Ministry of Defence (MOD). We play a key role in the regulation of single source, or non-competitive defence contracts. It is vital that single source contracts efficiently deliver the goods, works and services the UK government needs for defence purposes.

The Defence Reform Act 2014 created a regulatory framework for single source defence contracts. The framework places controls on the prices of qualifying contracts and requires greater transparency on the part of defence contractors. These contracts are worth a significant amount with a total estimated price of over £23 billion for contracts that became Qualifying Defence Contracts (QDCs) or Qualifying Subcontracts (QSCs), and therefore subject to the regulatory framework, since April 2015 (when the first QDC was entered into).

The SSRO is at the heart of the regulatory framework, supporting its operation. We keep the framework under review, monitoring reporting compliance, giving guidance and answering questions about its operation. We analyse data and provide reports and recommendations to the Secretary of State.

When undertaking our statutory functions we aim to ensure:

Good value for money is obtained in government expenditure on qualifying defence contracts.

Persons who are parties to qualifying defence contracts are paid a fair and reasonable price under those contracts.

Our values



Independent

We occupy an important space between government and industry, speaking and operating freely in the delivery of our statutory functions.



Transparent

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



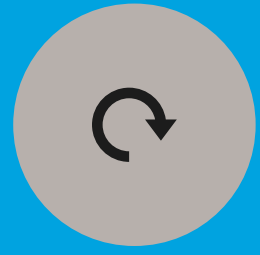
Authoritative

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

Delivering our statutory functions

The SSRO works constructively with both the MOD and industry to deliver its statutory functions and improve single source defence procurement. We take an evidence-based approach that relies on extensive engagement and analysis of high-quality data.

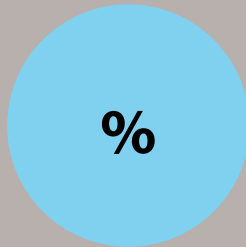
We support the regulatory framework that drives value for money in single source contracts while also providing single source suppliers with a fair and reasonable price for their work.



Keep under review the Defence Reform Act and the Regulations and recommend appropriate changes to the Secretary of State



Consider cases referred by the MOD and defence contractors, clarifying or resolving disagreements on how the regime applies to proposed or existing qualifying contracts



Make an annual recommendation to the Secretary of State on the Baseline Profit Rate, Capital Servicing Rates and SSRO funding adjustment to be applied to determine the profit rates of qualifying contracts



Publish guidance on Allowable Costs, Contract Profit Rate, Reporting and Penalties



Keep an up-to-date record of qualifying contracts and receive statutory reports from defence contractors under the regime



Keep under review the extent to which contractors are complying with their reporting obligations



Fulfil requests by the Secretary of State for analysis of reported data and other services or assistance relating to single source defence procurement

The story so far

The government introduced the Defence Reform Act 2014 following a review that identified the need for improvements in single source defence contracting. The SSRO was created in July 2014 and the Single Source Contract Regulations 2014 took effect in December 2014. As of 31 December 2018, the SSRO had received contract reports for 177 contracts that became QDCs/QSCs (147 contracts and 30 sub-contracts) between 1 April 2015, when the first QDC was entered into, and 31 December 2018 (with a combined price of over £23 billion).

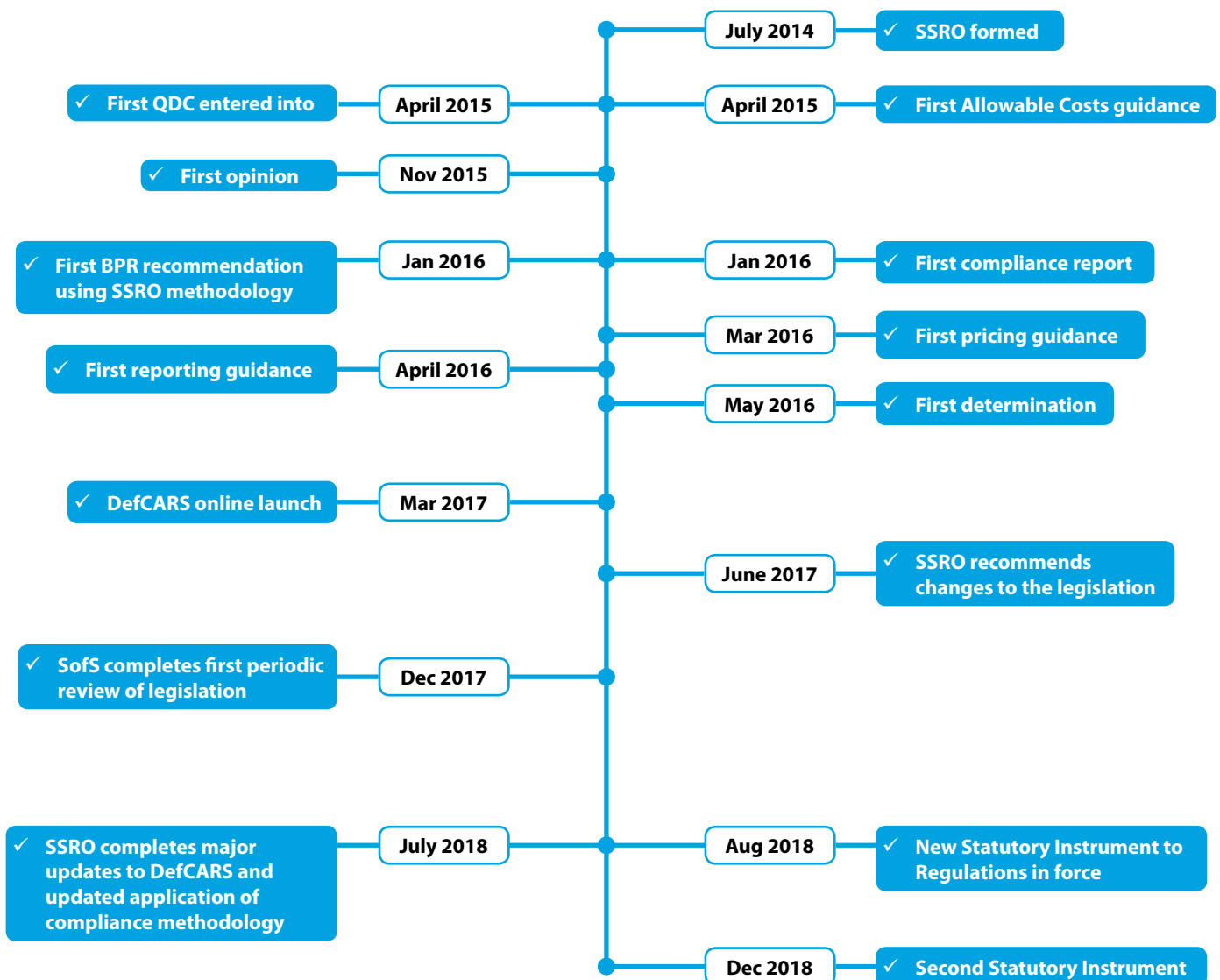
Following the Secretary of State's first periodic review of legislation, two statutory instruments were enacted in July and December 2018, amending the Single Source Contract Regulations for the first time since they came into effect in December 2014.

The main changes were:

- July 2018 – Modification of the categories of contract excluded from the regulatory framework, which the MOD observed could increase the coverage of the regulatory framework by 8 to 10 per cent.
- December 2018 – A new approach to the way the contract price is determined if a QDC is amended in a way that affects the price.

177 qualifying defence contracts with a value of over £23 billion

The timeline below summarises key events since the Defence Reform Act 2014.





Our priorities

This Corporate Plan includes seven objectives that are explicitly linked to the delivery of one or more of our statutory functions. There are two supporting objectives related to stakeholder engagement and resources, both of which are essential to successful delivery.

Our emphasis on effective engagement and continuously improving how we engage will continue throughout the life of this Plan. We will prioritise our work and activities in consultation with industry and the MOD and we will use their feedback and input as a key part of the evidence base in developing the delivery of our statutory functions.

The implementation of the Secretary of State's 2017 review of the Act and Regulations is expected to continue, and the Secretary of State also intends to complete the next periodic review by December 2020. The SSRO will work with the MOD and stakeholders to support changes arising from the 2017 review. We intend to carry out focused reviews that enable us to make appropriate recommendations by June 2020 as part of the second review.

We will commence multi-year projects that will support the regulatory framework, feed into the periodic review and help us to articulate and give greater emphasis and clarity about our longer-term vision for the SSRO, and the regulatory framework. These multi-year projects include a profit review and a data review.

Our profit review will consider priority areas which underpin the determination of contract profit rates to inform understanding of value for money and fair and reasonable prices. We will continue to develop our methodology for assessing the baseline profit rate (BPR), capital servicing rates (CSRs) and SSRO funding adjustment (FA) over the period of this Plan by reviewing aspects of it on a clear and systematic basis and engaging our stakeholders in the process. In the first year of this Plan we will undertake a full reassessment of the companies whose data is used in the baseline profit rate calculation.

There is a growing body of data held within the SSRO's Defence Contracts Analysis and Reporting System (DefCARS) and we are developing a data strategy to ensure that maximum benefit is derived from this data and associated analysis. Our data review will look at the regulatory framework's reporting requirements and the understanding and use of the data collected. We will continue to keep under review how defence contractors are complying with reporting obligations, and we will publish an annual compliance report highlighting examples of good practice that could benefit the wider industry. We plan to review and potentially revise our published compliance methodology. We will work constructively with the MOD and industry to drive up the quality of reported data and support the benefits derived from its use.

Government policy is that all Arm's Length Bodies should undergo a Tailored Review on a regular basis: the MOD has indicated there will be a Tailored Review of the SSRO in 2019/20. The SSRO will actively participate in this Review and the development of any amendments to the future role and responsibilities of the SSRO and our Framework Document. This may impact on our priorities and work programme in the second and third years of this Plan.

There continues to be a strong demand for guidance from our stakeholders and we prioritise the areas that will be the focus of development from year to year. In the first year of this Plan we will consult on new or amended guidance on the treatment of cost risk in contract pricing. The MOD has indicated an intention to bring forward regulatory changes on cost risk as part of the Secretary of State's next periodic review in 2020 and the SSRO proposes to continue to review and update its guidance in light of those proposals, and findings from our review of contract profit rates, in the second and third years of the Plan.

In the first year of this Plan we will also focus on developing our reporting guidance. Other guidance matters will be prioritised in consultation with stakeholders in subsequent years in this Plan but we will continue in every year of the Plan to listen to and discuss stakeholders' views about issues that we should consider addressing or developing in our guidance.

We expect that contracting parties will refer questions for opinion or determination at a similar rate as in the past and we will prioritise the provision of high quality, timely responses. As we do not control the complexity, volume or timing of referrals, the delivery of this Plan will be contingent to some extent on the matters referred.

If the UK exits the European Union, either as planned on 29 March 2019 or otherwise, any emerging impacts on single source contracts may affect the prioritisation of the SSRO's work in support of the regulatory framework. The SSRO is ready to assist the MOD if requested to deliver any relevant plans and mitigations.

In prioritising our work we will consider the following:



Stakeholder feedback

We will prioritise our work and activities in consultation with industry and the MOD.



Maximising beneficial impact

When planning our programme, we will prioritise work that has the maximum beneficial impact on the delivery of all of our functions, recognising the interdependencies that exist.



Building our evidence base

We will gather high quality data and intelligence from a range of stakeholders through workshops, consultation responses, referrals, statutory reports, joint working, open source information and visits to contractor's facilities to inform the content and timing of our work.



Building capability

We will refine our processes and skills, as well as acting on lessons learned, so that we are continually improving our capability to undertake our work.

Objective 1

Provide authoritative responses to referred matters within target timeframes

The SSRO is required by the Act to consider and respond to matters referred to us by the MOD and industry in relation to proposed or existing qualifying contracts. The types of referred matters are varied and generally involve the SSRO giving expert opinions or making determinations. Issues we have made decisions on in the past include the appropriate cost risk adjustment and the extent to which costs are allowable (e.g. labour, sales and marketing, price risk and faulty workmanship).

Our decisions will assist contracting parties to apply the regulatory framework, providing clarity in difficult areas and helping to resolve disagreements. Referrals provide an evidence base that assists the SSRO with the conduct of its key functions, such as keeping the legislation under review and issuing statutory guidance.

We are committed to completing all referrals in a professional and timely manner. We aim to complete referrals within published timeframes, but we will tailor these as appropriate for each referral depending on complexity, scope, urgency and completeness of information submitted. We have recently appointed additional expert independent members to our referrals panel, with experience of the defence industry, public sector procurement, the MOD, accountancy and the law.

Additional guidance will be provided over the three-year life of this Plan dealing with appeals on QSCs, notices of cessation in respect of QSCs, and the award of referral costs. The pace of development will depend on the volume of referrals we receive.

What good will look like

- There is early engagement when parties are considering making a referral, facilitating greater understanding of issues, timeframes and submission requirements to the benefit of all parties.
- Reasonable timeframes for each referral are made clear to contracting parties and referrals are completed within these.
- Feedback is sought from the parties to referrals and used to improve processes.
- The learning from referrals is used to inform the SSRO's wider work.
- Information is published about each referral to share the evidence base and so that all stakeholders can learn from each case.

KPIs



- Final determinations and opinions are issued within target timeframes
- Proportion of stakeholders involved in a referral who agree the SSRO engages effectively throughout the referral (target 75%)

Objective 2

Provide the Secretary of State with a recommendation of the appropriate baseline profit rate, capital servicing rates and the funding adjustment for each financial year that assists the Secretary of State to determine each amount

The SSRO is required by legislation to provide the Secretary of State with its assessment each year of the appropriate baseline profit rate (BPR), capital servicing rates (CSRs) and SSRO funding adjustment (FA).

The BPR is the first of six steps that build up a contract profit rate. The other five steps employ the CSR and FA and take account of factors such as risk, performance incentives and capital servicing.

The SSRO will continue to keep under review clear and robust methodologies for assessing the BPR, FA and CSRs, and publish these alongside information to help stakeholders understand our rates recommendations.

In the first year of this Plan we will undertake a reassessment of the companies whose data is used in the baseline profit rate calculation.

Within the life of the Plan we will consider priority areas, including the six-steps, which underpin the determination of contract profit rates to inform future developments in the SSRO's guidance, profit methodology and our contribution to the Secretary of State's periodic review in 2020 (see Objective 4).

What good will look like

- Stakeholders understand the methodologies the SSRO uses for calculating and assessing rates and these are transparent and replicable.
- Stakeholders are engaged in a planned and systematic way and the SSRO uses their feedback to inform development and application of its methodologies.
- Appropriate assurance is provided on the robustness of the SSRO's methodologies and the consistency of the approach to their application.
- Appropriate information is provided to allow the Secretary of State to determine the rates.
- Supporting information relevant to the SSRO's recommendation is published on our website following the Secretary of State's announcement.
- The rates the SSRO recommends support value for money for the MOD and a fair and reasonable price for suppliers.
- There is greater understanding of the working of the 'six-steps'.



- Provide the SSRO's assessment of rates to the Secretary of State no later than 31 January preceding the financial year to which they apply

Objective 3

Issue guidance that supports the optimal working of the regulatory framework

We issue statutory guidance to assist the MOD and contractors to:

- determine whether costs are Allowable in qualifying contracts;
- agree contract profit rates;
- prepare reports; and
- apply a penalty if contractors fail to meet their obligations.

Our focus in the first year (2019/20) of this Plan will be on:

- new or amended guidance on the treatment of cost risk in contract pricing; and
- developing our reporting guidance to address a selection of identified issues based on stakeholder feedback.

The MOD has indicated it will now bring forward any proposed regulatory changes on cost risk as part of the Secretary of State's next periodic review in 2020. The SSRO proposes to continue to review and update its guidance in light of those proposals and findings from our review of contract profit rates (see Objective Two) in the second and third year of the Plan. Other guidance matters will be prioritised in consultation with stakeholders in subsequent years in this Plan, but we will continue in every year of the Plan to listen to and discuss stakeholders' views about issues that we should consider addressing or developing in our guidance.

In 2019/20, the SSRO intends to split its reporting guidance into separate documents on contract reports and supplier reports. This is because the content within the reporting guidance continues to grow as the SSRO addresses known issues and improves clarity, and also because not all contractors will need to provide supplier reports and therefore do not need to refer to this guidance.

We will make two significant updates to the reporting guidance each year, one in the autumn and one in the spring. Other minor updates may be required to ensure reporting guidance remains aligned with DefCARS.

What good will look like

- Guidance responds to and addresses issues which have been prioritised with stakeholders.
- Stakeholders understand the SSRO's development timetable and know when and how to engage, providing evidence to support proposals.
- SSRO guidance is clear, applicable and understandable and is considered easy to use and useful by stakeholders, with practical examples where appropriate.
- Stakeholders understand the guidance changes the SSRO has made and have been provided with a clear rationale where suggested amendments have not been made.
- Stakeholders have sufficient time to familiarise themselves with guidance changes before they are implemented.
- Guidance support improvements in data quality in reports.

In the first year of the Plan we aim to provide direction on how to submit on-demand reports within DefCARS and completing our review of contract report guidance. We also intend to add standard Regulation 22 data fields to the Contract Costs Statement. We will also consult stakeholders on any proposed amendments to information which is collected and would require guidance changes.

Further guidance updates will continue to be prioritised through and following consultation with stakeholders.

We will continue to improve the coherence and integration between our different guidance documents. We will apply an evidence-based approach to the development of proposed changes. We also continue to monitor developments and changes in legislation and accounting standards and plan updates to our pricing and reporting guidance where necessary.

KPIs

- Proportion of stakeholders who agree the SSRO's guidance is clear and applicable (target 75%)

Objective 4

Conduct targeted reviews of the Act and Regulations aimed at improving the functioning of the regulatory framework

The Act requires the SSRO to keep Part 2 of the Act and Regulations under review and it may recommend any changes to the Secretary of State it considers appropriate. The Secretary of State must have regard to these recommendations when completing periodic reviews of the regulatory framework.

The SSRO made such recommendations to the Secretary of State in June 2017, following extensive stakeholder engagement and public consultation. The Secretary of State completed the government's first periodic review in December 2017. The SSRO will continue to work constructively with the MOD and stakeholders to support implementation of the changes arising from this review.

The Secretary of State has publicly signalled his intent to complete the next review by 2020. To inform this the SSRO will carry out a targeted programme of work that covers:

- priority areas which underpin the determination of contract profit rates (see Objective 2);
- reporting requirements (see Objective 7);
- stakeholder proposals; and
- priorities for change identified from our ongoing work.

The SSRO will draw on the growing evidence base and engagement with stakeholders to make any recommendations for the Secretary of State by 30 June 2020.

What good will look like

- Recommendations for change are made by the SSRO that are targeted to benefit the regulatory framework and follow a process of prioritisation and engagement with stakeholders.
- Stakeholders understand how the SSRO will implement changes it needs to make as a consequence of the Secretary of State's reviews and have the opportunity to engage.
- There is a clear timetable for any changes that follow a review, which balances the SSRO's regulatory functions and available resources with stakeholders' need for clarity.
- Learning from a periodic review of the legislation informs any subsequent review by the SSRO, as does engagement with stakeholders.



- Deliver an implementation plan for any changes required by the SSRO in response to the Secretary of State's 2017 review
- Following engagement with our stakeholders, the SSRO will provide its recommendations to the Secretary of State no later than 30 June 2020

Objective 5

Provide a platform that facilitates the efficient and secure submission of statutory reports

Defence contractors are required to provide reports to the SSRO and the MOD if they are party to qualifying contracts under the regulatory framework. The Single Source Contract Regulations 2014 prescribe the types of reports, their contents and the circumstances in which they must be provided.

In order to receive reports in an effective and secure way and to reduce the reporting burden on contractors, the SSRO has developed the Defence Contracts Analysis and Reporting System (DefCARS). The online system was launched in March 2017 and allows contractors to input data efficiently, enables auto-population and carries out a range of validation before submission.

We aim to continue to grow the DefCARS user base, while ensuring secure access is provided only to those who need to use DefCARS. We will work closely with stakeholders to further develop DefCARS to obtain relevant and high-quality data, optimising access and supporting analysis and reporting, and to accommodate changes to the legislation or our guidance or methodologies. During the latter half of this Plan, we will undertake a strategic review of the arrangements for third-party system hosting and support.

What good will look like

- Contractors are able to complete and submit their reports in a timely manner via an easy to use system.
- DefCARS adheres to up-to-date security standards.
- DefCARS is valued by contracting parties as an information tool and secure single repository for contract and supplier information with an extensive number of active users in both the MOD and contractor user base.
- DefCARS development continues to obtain relevant high-quality data, optimise access and support analysis and reporting, and to accommodate changes to the regulatory framework.
- System development is value for money and prioritised in response to user feedback, for example through the SSRO's Reporting and IT sub-group, to support better procurement.

KPIs



- Proportion of users satisfied with DefCARS as the SSRO's platform for submitting reports (target 75%)

Objective 6

Improve data quality and the reporting of information

The SSRO monitors contractors' compliance with the legislation's reporting requirements in accordance with our published methodology. This work also assists us in keeping the regulatory framework under review and recommending changes to the Secretary of State.

Working cooperatively with contractors and the MOD, and making efficient use of DefCARS, we will seek to identify and build a shared understanding of data quality issues in statutory reports and how to address these, and we will continue to publish an annual compliance report. The SSRO also intends, in consultation with stakeholders, to review our published methodology for reviewing compliance to ensure it remains relevant and continues to support increased data quality. We will continue to provide feedback to contractors so that they can take action about any compliance issues. We will inform the MOD about unresolved compliance issues so that it can consider appropriate enforcement action.

We will continue to engage with and support contractors to provide high quality data by helping them to understand their statutory reporting obligations, the requirements of our guidance and how to use DefCARS. The SSRO provides training for users to improve data quality. We also provide information about DefCARS and reporting which can be cascaded within their own organisations by contractors and the MOD. The SSRO provides a helpdesk that supports contractors in meeting their statutory reporting obligations, backed up with onboarding and other face to face support where appropriate.

What good will look like

- Knowledge and understanding of reporting requirements grows among contractors and the timeliness of reporting and data quality improves.
- Relevant data has been standardised within DefCARS to increase comparability and aid benchmarking.
- Minimal enforcement action is required by the MOD as contractors understand and meet their reporting requirements.
- The SSRO delivers impactful training and support to DefCARS users which increases their ability to report effectively and efficiently.
- The data collated from contract and supplier reports is perceived by stakeholders to be useful and adding value.

KPIs



- Proportion of contract reports submitted that are complete and meet the requirements of the legislation at the first attempt (target 25%)
- Proportion of contract reports submitted on time (target 75%)
- Proportion of defence contractors satisfied with the assistance and support provided by the SSRO when first entering into a QDC/QSC (75%)

Objective 7

Harness the power of data to support decision making

Our developing vision is that the data provided by contractors in statutory reports should be fully utilised in support of the regulatory framework. We will publish a data strategy that brings together the delivery of our statutory functions in this area.

We will explore ways to better facilitate the understanding, use and analysis of the data from DefCARS by stakeholders including where it could replace or reduce other non-statutory data requests made by the MOD to contractors. Since 2016, we have been regularly producing statistical bulletins which provide insight into qualifying defence contracts. We seek feedback on what information our stakeholders find most useful and valuable. As more contracts both come within the regime and then subsequently complete, the information within these bulletins will increase. The SSRO will consider the benefits of becoming a producer of Official Statistics during the period of this Plan.

The SSRO will produce analysis where this is requested by the Secretary of State under section 36 of the Act. We will also consider all other requests submitted by the MOD.

The SSRO will deliver a data review that looks at the statutory reporting requirements in consultation with stakeholders. The data review will inform our input to the Secretary of State's periodic review in 2020 (see Objective 4). We will take action to promote the efficient collection and use of high-quality data and minimise the burden on contractors. This may include changes to DefCARS, revised reporting guidance or recommending in our response to the Secretary of State's periodic review in 2020 that changes should be made to the reporting requirements in the Regulations.

What good will look like

- The data submitted by contractors in statutory reports is of benefit to the MOD and fully utilised in procurement decisions, contract management and the development of the regulatory framework to deliver value for money and fair and reasonable prices.
- Statistical bulletins provide insight into qualifying defence contracts.
- The SSRO is actively sent requests for analysis and information about qualifying defence contracts and suppliers party to these contracts which it meets in a timely manner.
- DefCARS is used to provide benchmark information which can improve procurement.
- The SSRO will identify and provide evidence to support improvements in the regime.



- Increase in the use of SSRO's analysis: a year on year increase in the number of analysis report templates available to use in DefCARS

Objective 8

Maintain effective and comprehensive engagement with our stakeholders

The SSRO has an agreed Stakeholder Engagement Strategy and a proactive plan and programme of stakeholder engagement, which underpins the delivery of this Corporate Plan and our statutory functions. Engagement is fundamental to the SSRO's evidence-based approach to its work and we continuously seek to improve how we undertake our engagement.

Actions within the strategy include:

- improve the experience of stakeholders participating in our consultations;
- maintain existing effective mechanisms for purposeful engagement with industry;
- further develop and broaden our relationships within the MOD;
- provide proactive support to industry; and
- continue developing our people to enhance our skills for effective engagement.

We completed our first stakeholder survey in 2018 and will repeat this at appropriate intervals. The survey results have informed our engagement strategy and its key priorities, and the frequency and mechanisms by which we engage.

We communicate the reasons for our decisions or actions. We recognise that there will be times, because of the nature of the decisions we make, when stakeholders may not agree with a decision. Where this is the case we will ensure they understand why the decision was taken.

What good will look like

- Stakeholders have access to high quality, timely, clear and accurate information provided by the SSRO.
- Stakeholders provide and receive feedback in a meaningful way.
- Stakeholders feel that the SSRO listens well to their views.
- We prioritise our work and activities in consultation with industry and the MOD.
- The SSRO gathers high quality evidence that demonstrably enhances delivery of its functions.
- The SSRO is good at engaging its stakeholders in the right ways and at the right times as evidenced by its stakeholder survey.
- The SSRO engages proportionately with stakeholders, listening to all views but recognises the need to give due attention to those most involved in the regime.

KPIs



- Stakeholders consider the SSRO engages well (target 80%)

Objective 9

Access and use resources appropriate to the delivery of our functions

Our primary asset is our people and we recognise that delivering our statutory functions depends on having the right people with the knowledge and skills needed and using our resources efficiently. We will keep under review the alignment of our resources to our priorities as they develop and change.

We value the diversity of thinking and approach of our people and we will be an inclusive and engaging place to work. During this Plan we will be implementing our new Single Equality Scheme. We will ensure our people possess the required skills and experience, through fair and equitable recruitment, promotion of talent and developing our employees through a new Workforce Strategy and our Learning and Development Plan. The work of our people will be supported by appropriate access to technical and other experts, and external specialist service suppliers.

We will continue to support the delivery of our other objectives through innovative and secure use and management of information and technology.

What good will look like

- We recruit the right people and we maintain and invest in our skills informed by reviewing skills against functions.
- We use external subject matter experts to supplement and build our knowledge and skills.
- We are a good employer, fulfilling our duty of care to all staff and ensuring they can give their best, are treated fairly and are valued.
- We undertake an annual staff survey to assess employee engagement and seek their feedback on how we can do things better.
- We maintain audit-assured, high-quality, efficient and effective systems of procurement, financial management and governance.
- We meet our transparency and reporting obligations in respect of our use of resources.
- We use effective and efficient IT systems to support our work and exploit existing and new technologies to improve our work and efficiency.
- We effectively manage information, data security and systems, and retain our Cyber Essentials Plus accreditation.
- We comply with data protection laws, including the General Data Protection Regulation (GDPR).

KPIs



- Manage our financial expenditure to within 2% of our corporate budget without exceeding our Grant-in-Aid limit
- Employee survey results for overall engagement (target 70% (65% 2019/20))
- Average number of days spent per person per annum on training (target 3 days)

Work programme

Expected guidance publication date	Q1 - 2019/20	Q2 - 2019/20	Q3 - 2019/20	Q4 2019/20	2020/21 - 2021/22
Objective 1 Referrals	Deliver referrals as they are accepted				Continue to deliver referrals and refine guidance as appropriate
	Develop referrals guidance on new topic areas				
Objective 2 Rates recommendation	Stakeholder engagement on our approach	Reassess companies and assess rates	Recommendation	Same cycle with refinement of the methodology if required	
	Identify priority areas as part of review of contract profits				Further explore priority areas and inform legislative change
Objective 3 Guidance development and maintenance	Agree topics	Develop and issue proposals	Consult on proposals	Finalise and roll out changes	Same annual cycle but new set of topics
	Reporting guidance update		Pricing and reporting guidance update		
Objective 4 Review of Legislation	Support implementation of MOD legislative changes from 2017 review	Evidence collection for 2020 review			Finalise recommendations for 2020 Review of Legislation
Objective 5 DefCARS provision	Continue to maintain, develop and update DefCARS as a reporting tool for contractor and supplier reports				
Objective 6 Improve data quality and reporting	Ongoing support to contractors including helpdesk, onboarding, response to compliance issues raised and MOD industry training				
	Develop and publish annual report on how contractors are meeting requirements				Share learning from target reviews of reports
	Review and consult on changes to compliance methodology				
Objective 7 Analysis to support decision making	Deliver analysis including reports and bulletins in support of the regulatory framework			Feed findings into 2020 Review of Legislation	
	Data review focusing on reporting requirements including consultation with stakeholders				
	Statistical bulletin	Statistical bulletin	Statistical bulletin	Statistical bulletin	

Objective 8 (stakeholder engagement) and Objective 9 (use of resources) enable delivery of the seven objectives above.

Finance

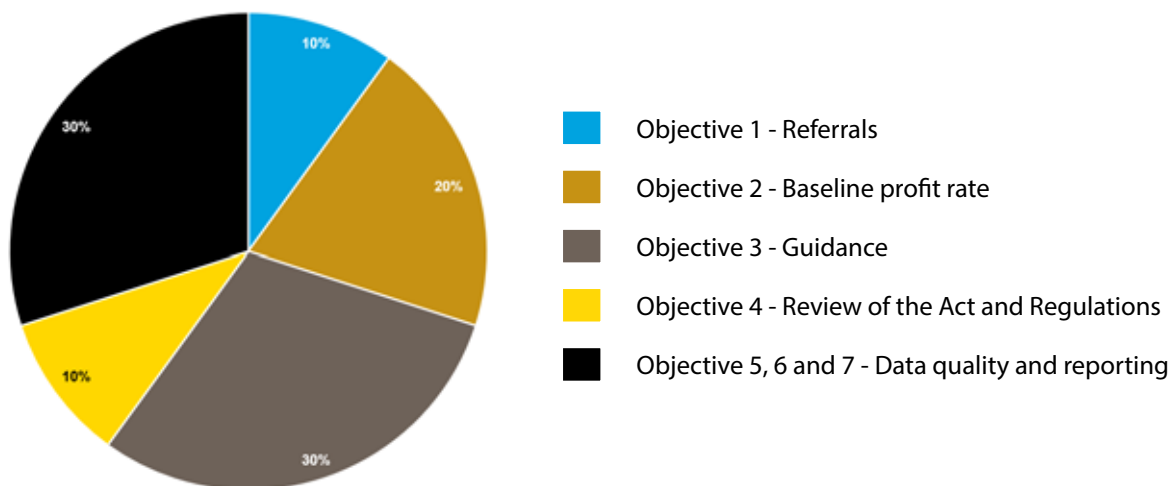
Following SSRO Board approval, the SSRO's Accounting Officer has requested and received approval for our 2019/20 budget of £6.061 million.

The agreed budget relates to the SSRO's objectives for 2019-22. The SSRO's costs are largely stable and recurring with less than 1 per cent of the budget unallocated to anticipated costs.

The SSRO organises and manages its resources flexibly through matrix management to meet its objectives. The chart below shows the proportion of the SSRO's budget allocated to its statutory functions, split by objective. The SSRO is flexible with its use of resources and this allocation will be varied during the year in response to emerging priorities, for example additional resources may be allocated to support referrals as they are received.

The budget reflects known contractual changes and inflationary pressures. However, as the regime continues to mature, qualifying defence contracts and associated workload volumes are likely to increase. The MOD has stated that it expects 100 per cent of new qualifying single source contracts to fall within the regime by 2019/20. The SSRO will discuss the impact of workload volume changes or new requirements on budgetary requirements with the MOD. DefCARS development beyond that set out in the Corporate Plan 2019-22 will require additional MOD funding.

SSRO resource allocation across statutory functions



Much of the SSRO's corporate support is outsourced (HR, payroll and financial ledger services) or procured through government framework contracts (IT managed 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 do this in several ways including; better ways of working; and identifying efficiencies during the renewal of contracts, through service requirement reviews and market testing; and through exploiting cost sharing opportunities with other regulators (for example with OFGEM as a provider of outsourced back office services). During 2018/19, the SSRO re-procured several of its IT service contracts including the contract for the hosting and maintenance of DefCARS and negotiated these contracts to be renewed whilst ensuring quality of service is maintained or improved. As contracts become due for renewal, it brings opportunities for realising greater efficiency but also a risk of increased costs, and the SSRO will liaise with the MOD on procurement outcomes to manage this risk as part of the annual cycle of funding approval.



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.

The Chief Executive's responsibility for risk management is overseen by the Board and Audit Committee, with the SSRO managing its corporate risks through a Corporate Risk Register. The SSRO's approach to risk management is in line with its agreed Risk Management Policy, which is reviewed annually by the Audit Committee. The Executive Committee monitors potential risks at each meeting through ongoing performance management, which it reports to the Board.

The risks identified in the Corporate Risk Register are mitigated and this is then 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:

- the information provided to the SSRO in contract and supplier reports via DefCARS is of a poor quality or is not used effectively; and
- the SSRO lacks the capacity to undertake work requested in addition to what is included in this Corporate Plan, for example from referrals or arising from the Secretary of State's review of the Act and Regulations.

The SSRO recognises the importance of good quality data being submitted by contractors through reports and utilised effectively. Without effective and timely reporting there is a risk that we will not be able to deliver our statutory functions and the full benefits of the single source regulatory framework will not be realised. The SSRO facilitates collection of good quality data through its compliance, guidance and review functions, and our proactive support services. Ongoing engagement is important to understand how the data may assist the MOD and to produce relevant information for stakeholders.

Further changes are expected to arise from implementation of the Secretary of State's 2017 review of the Act and Regulations. This may have some impact on the delivery of this Plan if the SSRO is required to make significant changes to its processes, methodologies or guidance within challenging timeframes. We are mitigating this risk through dialogue with the MOD about the detail on any changes and timetable for implementation so that we are able to understand the impact to our work. We will then prioritise our work using the principles in this document and maintain open and transparent dialogue with stakeholders setting out the steps we plan to take and our timetable for doing so.

Performance in 2018/19

[performance against KPIs]

Objective 1

Final determinations and opinions are issued within the target timeframe



Target 100%



Feedback from parties to a referral is positive and indicates satisfaction*



Target 100%



*performance will be published in our Annual Report & Accounts 2018/19.

Objective 2

Provide the SSRO's assessment of rates to the Secretary of State no later than 31 January preceding the financial year to which they apply



Target 100%



Publish appropriate information relating to the SSRO's recommendation following the Secretary of State's announcement



Target 100%

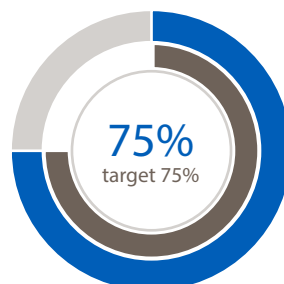


Objective 3

Proportion of stakeholders who believe the SSRO's guidance to be clear and applicable



Target 75%



Objective 4

Deliver an implementation plan for any changes required by the SSRO in response to the Secretary of State's 2017 review



Target 100%

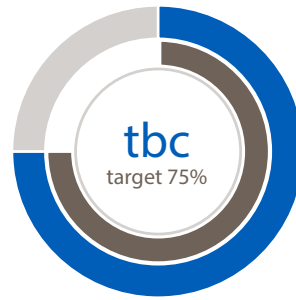


Objective 5

An increase in user satisfaction with DefCARS as the SSRO's platform for submitting reports*

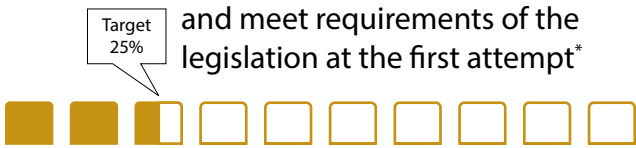


*Score of 74% achieved in the 2017/18 Stakeholder Survey. This KPI will be measured again in the 2019/20 Stakeholder Survey.

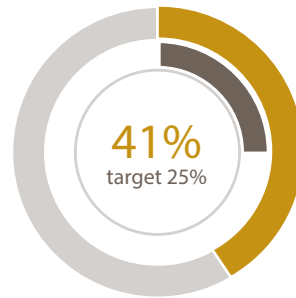


Objective 6

Proportion of contract reports submitted that are complete and meet requirements of the legislation at the first attempt*



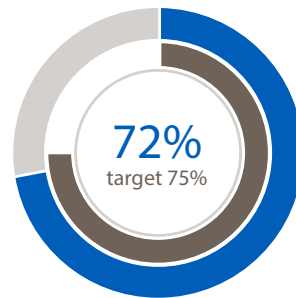
*41% score is at Feb 2019. Performance as at March 2019 will be published in our Annual Report & Accounts for 2018/19.



Proportion of contract reports submitted on time*

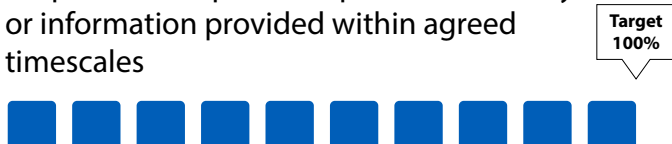


*72% score is at February 2019. Performance as at March 2019 will be published in our Annual Report & Accounts for 2018/19.



Objective 7

Response to requests for provision of analysis or information provided within agreed timescales

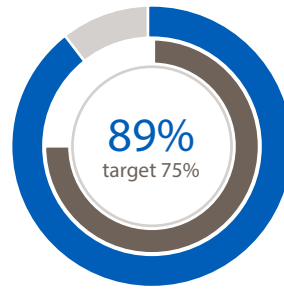


Increase in the use of SSRO's analysis



Objective 8

Stakeholders consider the SSRO engages well



Objective 9

GDPR audit assurance substantial or moderate*



*performance will be published in our Annual Report & Accounts 2018/19.

Target
100%



Employee survey results for overall engagement*



*performance will be published in our Annual Report & Accounts 2018/19.

Target
60%



Manage our financial expenditure to within 2% of our agreed corporate budget*



*performance will be published in our Annual Report & Accounts 2018/19.

Target
100%



Average number of days spent per person per annum on training - 3



Target
100%



SSRO

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