

# SSRO

Single Source  
Regulations Office

## Activity type factsheet Construction

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 Construction 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*.

### Construction

Companies undertaking comparable activities considered as ‘construction’ are expected to deliver services in relation to the construction of buildings or other structures at fixed locations. Companies could provide such services either on a contract basis with designs and specifications received or using their own designs. Comparable companies may be responsible for the management of the construction project, and are likely to bear contract risk, procurement risk, staff risk and some quality control risk in respect of these activities. They are not expected to bear any significant property price risk in respect of these activities.

### Profit on cost of production

	2017/18	2018/19	2019/20	2020/21	2021/22
Underlying rate (unadjusted for capital servicing)	4.00%	3.92%	4.02%	3.34%	3.18%
Capital servicing adjustment	-0.39%	-0.43%	-0.52%	-0.27%	-0.17%
Underlying rate	3.61%	3.49%	3.50%	3.07%	3.01%
Three-year rolling average	5.88%	3.75%	3.53%	3.35%	<b>3.19%</b>

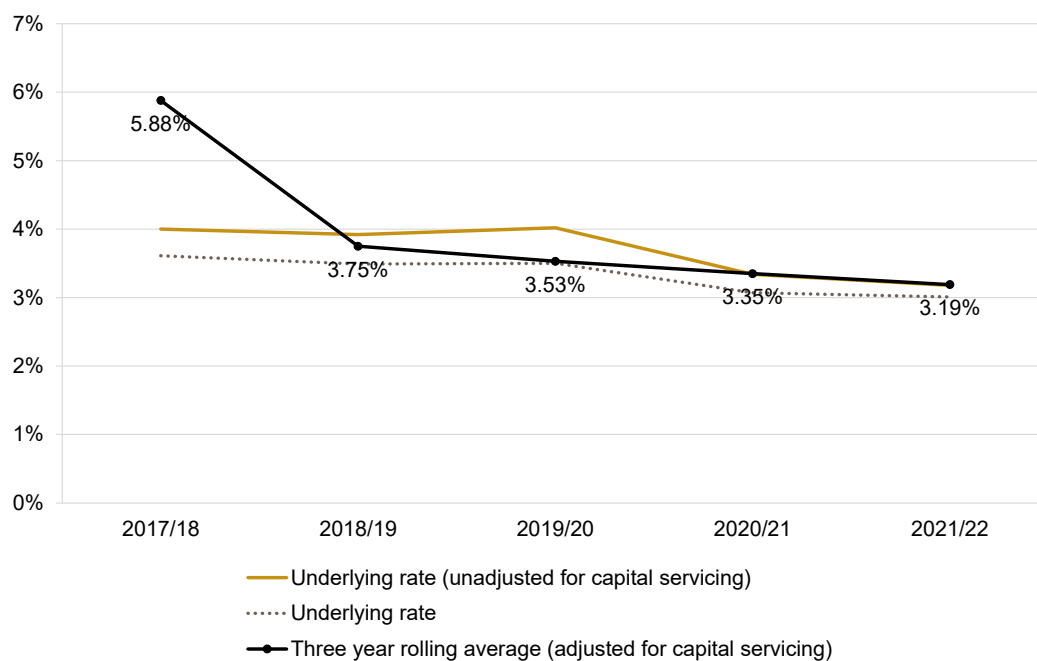
*Note: The capital servicing adjustment accounts, at an aggregate level, for different levels of capital employed across the companies in the index and so sets a baseline upon which step 6 of the contract profit rate applies.*

*The pre-2017/18 underlying rates used for the three-year average were: 2016/17: 4.15%; 2015/16 (calculated using the Review Board's methodology): 9.88%.*

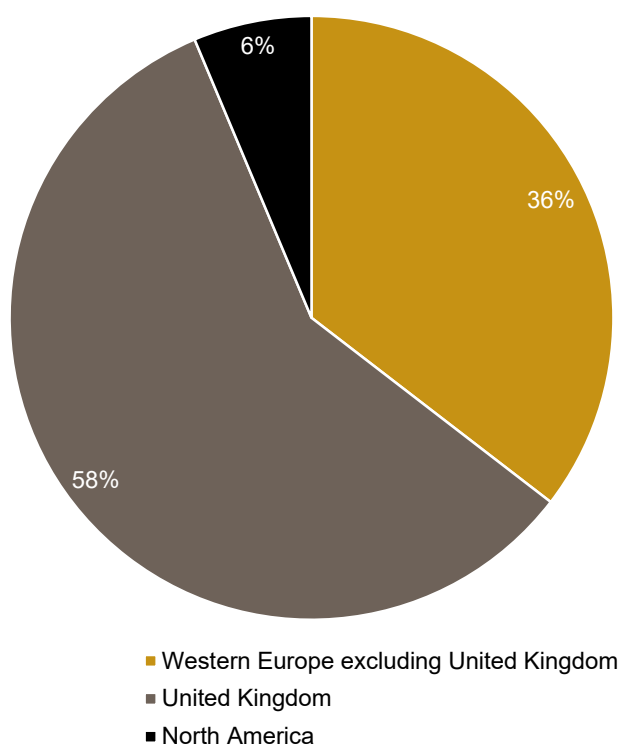
### Data sources

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 company update search of the [Orbis database](#) was carried out on 5 November 2020 on data update number 202001 using software version 202. The financial data for the calculation was extracted from Orbis at the same time.

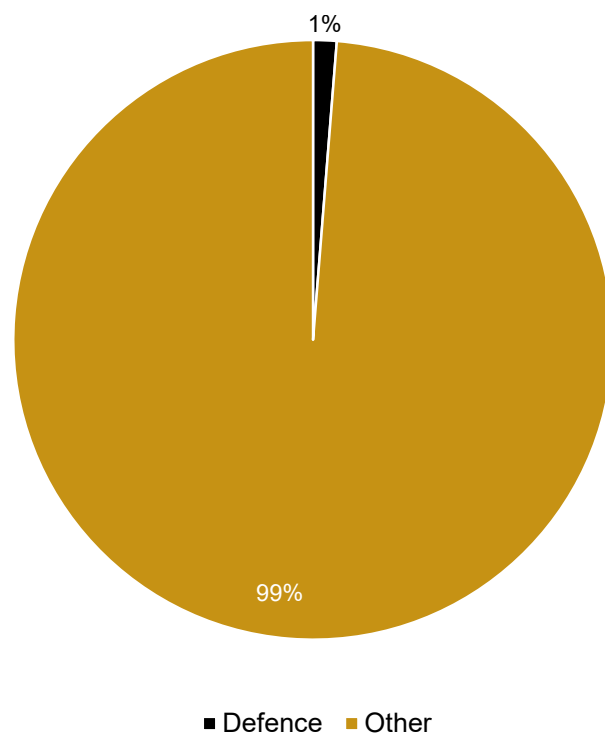
## Median capital servicing adjusted return on cost of production



## Proportion of Companies by country



## Proportion of companies with defence keyword



## Supplementary statistics

Number of companies	88
<i>of which profit making</i>	79
Aggregate turnover	£118
Total capital employed (CE)	£2.37
Average company CP:CE ratio	46.71

Source: Orbis (Cash figures shown in GBP Billions)

## Names of companies in the index

3B Construction LTD	Drange Maskin AS	Jerram Group Limited	Spritestore Limited
Aasen & Oevrelid AS	Elektro AS	Kier Group PLC * (J)	STEINER BAU Gesellschaft m.b.H. *
ADF Group INC *	Emcor Group INC	Koninklijke BAM Groep NV	Steve Hoskin Construction Limited
Aecom	Evadx Limited	Kvia Entreprenoer AS *	Stuart Olson Inc. *
Aecon Group INC	Feltham Group Limited	Lapin Teollisuusrakennus Oy	Tclarke PLC
AF Gruppen ASA	Fira Group Oy	LES Macons Parisiens	Tolent PLC *
Andrew Scott Ltd.	Fluor Corp *	Lindum Group Limited	Tonroe Group Limited
Ashe Group Holdings Limited	Gaiger Brothers Limited	Lonsdale Holdings Limited	Tutor Perini Corporation *
B & R - Bouw en Renovatie	Glasgiven Contracts Limited	Lowe Holdings Limited	Vanoncini S.P.A.
Barnwood Group Limited	Goldfoster Limited	M.P.B. Structures LTD	Veidekke ASA
Bird Construction Inc.	Groep VAN Roey	Magnus M Thunestvedt AS	Vinci
Blenheim House Construction Limited	Grupo Empresarial SAN Jose S.A.	Martifer Sgps S.A.	Vopi 4 SA
Bowmer and Kirkland Limited	H. G. Construction (Holdings) Limited	Masterson Holdings Limited	Wates Group Limited
Bravida Holding AB	Haandverkskompaniet AS	Mitchellson Formwork & Civil Engineering Limited	William Hare Group Limited
Brims Building Group Limited	Haley Securities Limited	Modebest Group Holdings Limited	Williams Industrial Services Group INC (J)
Buckingham Group Contracting Limited	Hallmaker Group AS *	Morgan Sindall Group PLC	Winvic Group Limited
Byggpartner I Dalarna Holding AB	Hardwicke Investments Limited	Oliver Connell and SON Limited	WYN Construction Limited
Cara Holdings Limited	Highgrove Group PLC	Peab AB	
Champion Groundworks Limited	Hollingsworth Bros. (UK) Limited	Putkiwuorio Oy	
Clegg Holdings Limited	Implenia AG	Severfield PLC	
CMF Structures	J P Dunn Construction Limited	Skanska AB	
Conlon Holdings Limited	J. & P. Avax S.A.	Skorve Gruppen AS	
Coulson Group Limited	J.Wareing & SON (Wrea Green) Limited	Societe Groupe 1000	
Darke & Taylor (Holdings) Limited	Jarvis Group Limited		

\* Indicates that the company is a loss-maker in the year. The data for loss-makers are not included in the 2021/22 assessment, but the companies will be taken forward for consideration next year.

(J) Indicates a company which was not in the activity group last year, but has been added this year.