

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 defence contracts and qualifying sub-contracts. Part of the methodology is the categorisation of comparator companies into five activity types.

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

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

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

	2020/21	2021/22	2022/23	2023/24	2024/25
Underlying rate (unadjusted for capital servicing)	4.19%	5.86%	7.13%	4.59%	5.58%
Capital servicing adjustment	-0.37%	-0.63%	-0.18%	-0.09%	-0.36%
Underlying rate	3.82%	5.23%	6.95%	4.50%	5.22%
Rolling average*	4.57%	4.86%	5.39%	4.52%	4.98%

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.

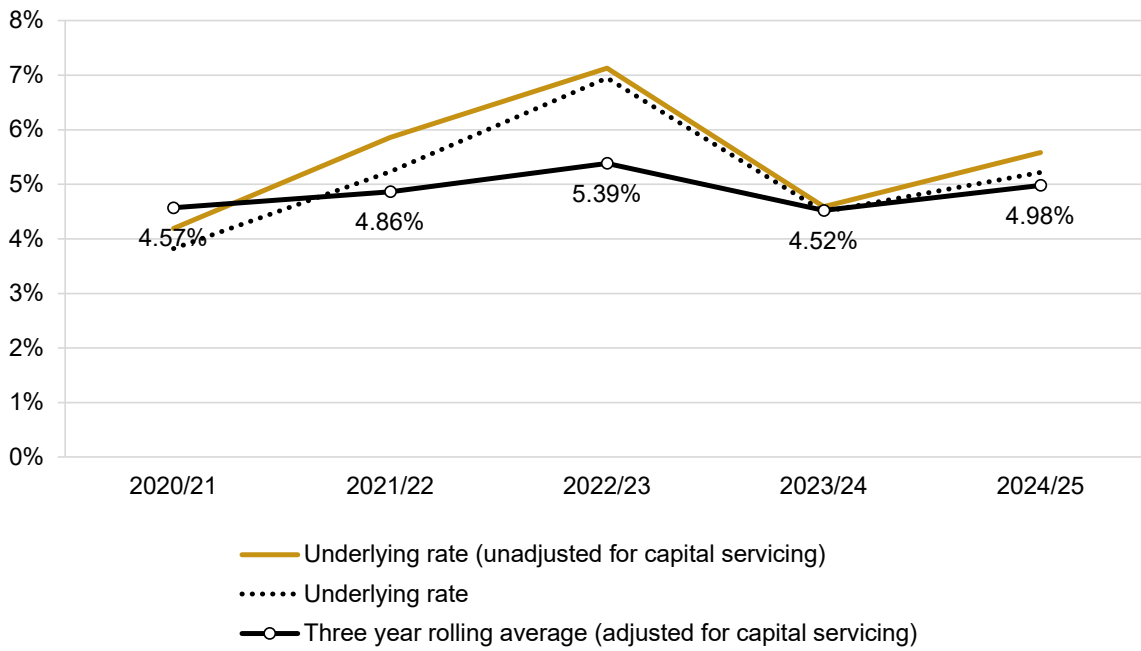
*A four-year average was used for 2022/23; a three-year average for pre-2022/23 and a three-year average (excluding 2022/23 underlying rate) for 2023/24 and 2024/25.

The pre-2020/21 underlying rates used for the three-year average were: 2018/19: 4.35% and 2019/20: 5.54%.

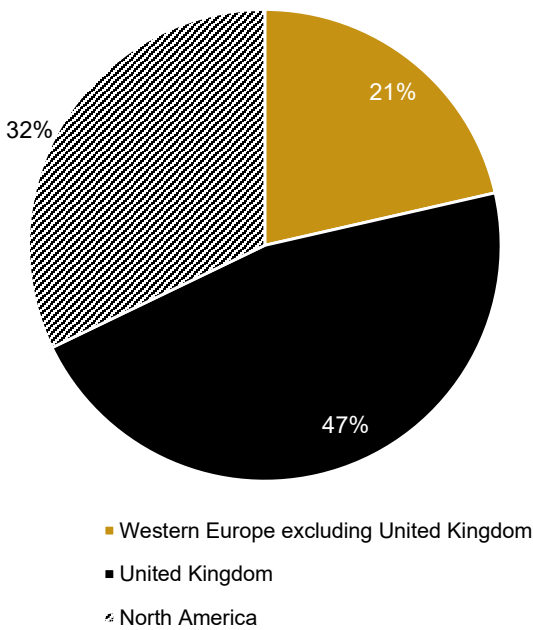
Data sources

For further information on the data selection approach please see section 7 of the Single Source baseline profit rate and capital servicing rates methodology. A company update search of the [Orbis database](#) as carried out on 1 November 2023 on data update number 342001 using software version 342. The financial data for the calculation was extracted from Orbis at the same time.

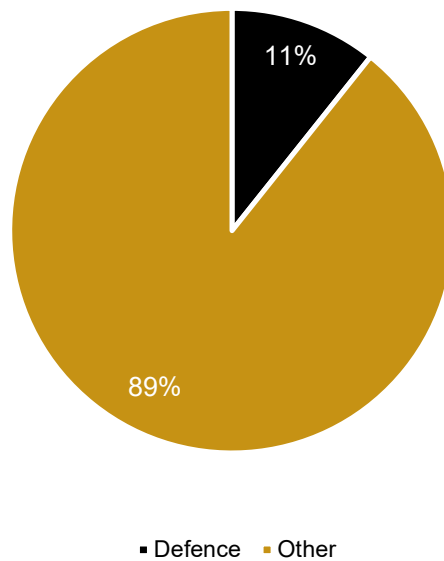
Median capital servicing adjusted return on cost of production



Proportion of companies by country



Proportion of companies with defence keyword



Supplementary statistics

Number of companies	32
<i>of which profit making</i>	28
Aggregate turnover (£billions)	£103
Total capital employed (CE) (£billions)	£9.6
Average company CP:CE ratio	9.74

Source: Orbis (Cash figures shown in rounded GBP Billions)

Names of companies in the index

ABM Industries INC	Grupo BN, Facility Services SA.	Serco Group PLC
Antac Support Services LTD	Healthcare Services Group INC	Servicios de Mantenimiento Y Limpieza Castor SL *
Aramark	I3 Verticals, Inc. *	Trinet Group, Inc.
Automatic Data Processing, Inc.	Iron Mountain INC	Tyler Technologies INC
Building Energy Services Group Limited	ISS A/S	
Bulloughs Cleaning Services Limited	Kinovo PLC *	
Cliner SA	Lacera Servicios Y Mantenimiento SA	
Cloudfm Group Limited	Mears Group PLC	
Compass Group PLC	Mitie Group PLC	
Conduent Incorporated *	Paychex INC	
Coor Service Management Holding AB	Pedersen Contracting Services LTD	
DWF Group PLC	Rentokil Initial PLC	
Firstservice Corporation	Restore PLC	
Glenthorp Limited	Sarastia Oy	

* Indicates that the company is a loss-maker in the year.

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