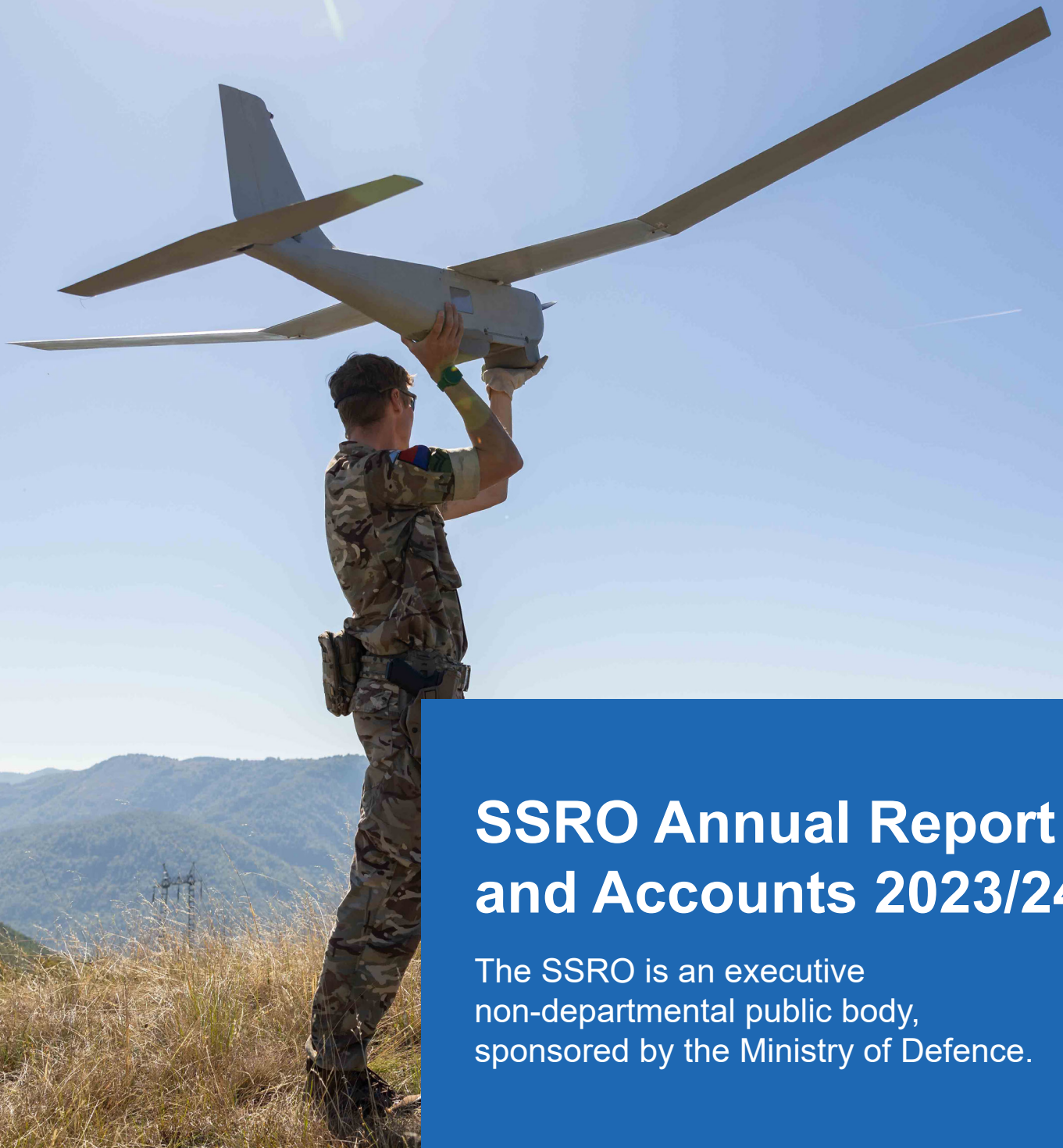


SSRO

Single Source
Regulations Office



SSRO Annual Report and Accounts 2023/24

The SSRO is an executive
non-departmental public body,
sponsored by the Ministry of Defence.

The Single Source Regulations Office

Annual Report and Accounts 2023-2024

For the period 1 April 2023 to 31 March 2024

Presented to Parliament pursuant to Paragraph 13 (5) of Schedule 4 of the Defence Reform Act 2014.

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Chair's statement

Defence procurement is taking place within an increasingly challenging environment.

As government and industry come together to respond to these challenges, legislative changes have been introduced to improve the operation of the single source framework. My focus, and that of the Board and the SSRO team, has been on supporting industry and the Ministry of Defence (MOD) to prepare for and implement these reforms as set out in the legislation and prepare for the next phase of legislative change expected in 2024/25.

Over the year, we have reviewed our plans and approach to support development to the operation of the framework, helping to drive improvements in procurement and contract management by promoting better data utilisation. We have also been working towards speedier issue resolution through non-referral engagement and our commitment to making it easier for both the MOD and contractors to seek opinions and determinations from us.

We are adding to the SSRO's skills through access to the MOD's commercial pathway training alongside a renewed focus on accessing specialist and experienced resource. We have also secured outward placement programmes for our staff with defence companies to build mutual understanding and expand our knowledge and skills.

This year we welcomed our new Chief Executive John Russell in July, a new Board member, Roy Barker, in June, and three new independent referral panel members. I would like to thank Neil Swift, our Chief Executive, who departed in May and David Johnston, whose term as a non-executive Board member concluded at the same time.

I am grateful to all our stakeholders who have engaged with me and my colleagues on site visits over the year to see how our work can best enable the delivery of vital defence capabilities. Your views and insights have helped inform our work and our strategies to ensure that the benefits of the regulatory framework and the tools we provide can be realised.



Hannah Nixon,
Chair

Chief Executive's perspective on performance

The SSRO has come a long way over the last year and has enhanced its reputation as a trusted, authoritative, expert body.

Since I joined the SSRO in July, I've led a renewed focus on data utilisation. This includes introducing more analytics to help see where procurement can be improved using the wide range of contract and supplier data we hold.

We have been supporting the implementation of significant changes in single source legislation and working with the MOD and the defence industry to facilitate greater flexibility and speed for the MOD and the defence industry in agreeing contracts.

We have also been supporting industry and the MOD in using the new and updated tools and guidance we have developed by providing teach-ins, onboarding sessions and training to MOD and industry.

We have developed a new workforce strategy that focuses on developing our existing talent and recruiting staff with the right experience, skills, and knowledge.

Looking to the future, I want to make sure that we continue to develop as an accessible, visible, trusted and relevant organisation that helps to ensure the government obtains good value for money from its expenditure and that contractors are paid fair and reasonable prices. To support this, you will see us engaging more across the defence sector to understand the challenges and opportunities in single source procurement, playing our part in thought leadership on key aspects of the regime and making the improvements to our guidance and ways of working to deliver tangible benefits to both contractors and the MOD.

Note: the Chief Executive's perspective on performance forms part of the performance report.



John Russell,
Chief Executive

Performance Report

Purpose and activities of the SSRO

The Single Source Regulations Office (SSRO) is an executive non-departmental public body, sponsored by the Ministry of Defence (MOD). We were established by the Defence Reform Act 2014, which also created a regulatory framework for single source defence contracts, placing controls on the pricing of qualifying contracts and requiring greater transparency on the part of defence contractors.

Our purpose is to support and improve the operation of the regulatory framework through the delivery of our statutory functions. In carrying out these statutory functions, we aim to ensure that good value for money is obtained in government expenditure on qualifying defence contracts, and that contractors are paid a fair and reasonable price under those contracts.

Our statutory functions are:

- Recommending the appropriate baseline profit rate and capital servicing rates for use in calculating contract profit rates.
- Publishing guidance on Allowable Costs, Contract Profit Rate steps, Reporting and Penalties.
- Giving opinions and making determinations on matters referred to the SSRO.
- Keeping under review the extent to which reporting requirements are being complied with.
- Analysing reported data on request for the Secretary of State and developing insights.
- Keeping an up-to-date record of qualifying contracts and receiving statutory reports from defence contractors.
- Keeping the operation of the regulatory framework under review and making recommendations for changes to the Secretary of State.
- Issuing guidance in relation to the application or interpretation of the regulatory framework.

Performance overview

The following section summarises the SSRO's performance against each of its corporate objectives.

1. Maintain a pricing system that supports value for money and fair prices

Our pricing guidance and annual profit rate recommendation help parties agree fair and reasonable contract prices and achieve value for money. The guidance that we provide to the MOD and industry is crucial in enabling stakeholders to price contracts with certainty in the regulatory framework.

During the year we have:

- Issued our assessment of appropriate baseline profit and capital servicing rates for 2024/25, which was accepted by the Secretary of State.
- Updated our baseline profit rate and capital servicing rates methodology and issued a consultation on the activities we include in our profit benchmarks.
- Issued new guidance for Alternative Pricing; which allows for a range of flexible approaches to pricing competitive defence contracts; updated our guidance on Allowable Costs and the Baseline profit rate and its adjustment, alongside a consultation on all pricing guidance. We held teach-in and Q&A sessions to help stakeholders understand our new and updated guidance.

2. Support a well-functioning regulatory framework

We use our expertise in regulation to support the MOD and industry to apply the regulatory framework in a consistent and effective way. Our support is trusted, with effective and timely responses to queries from stakeholders that range from simple questions requiring signposting to existing guidance, to complex queries that necessitate tailored responses.

During the year we have:

- Published a determination on the extent to which a contractor's particular unanticipated costs are allowable costs under a firm-priced qualifying defence contract and, following consultation, implemented a new non-referral advice service.
- Continued to support the Secretary of State's review of the regulatory framework: engaging and working with industry and the MOD to issue new and updated guidance to support the Review and the resultant provisions made through the Procurement Act 2024. We have also been raising awareness of the changes through leading teach-in sessions for stakeholders.
- Delivered 20 onboarding sessions for individual defence contractors; provided both in-person training and training videos for MOD staff; and responded to over 1,000 helpdesk queries.

3. Promote the utilisation of DefCARS data and insights to support procurement decisions and contract management

A key benefit of the regulatory framework is greater transparency and the wealth of information this provides. Our platform for receiving and storing contract data (DefCARS) is efficient and minimises the reporting burden on contractors. The valuable data within DefCARS is readily accessible to users in the MOD. Our compliance work promotes the importance of good data quality.

During the year we have:

- Promoted the use of DefCARS data utilisation through proactive engagement within the MOD rolling out access to new 'game changing' DefCARS management information products with supporting guidance materials and videos to promote the use of the data. As well as delivering 15 requests for analysis from the Secretary of State on time.
- Published four statistics bulletins and our annual compliance report for 2023, providing specific compliance management information to individual contractors and MOD teams.

- Issued updated guidance and a consultation on changes to reporting requirements which took effect from 1 April 2024 and developed DefCARS to allow data collection of information required under these updated regulations such as components and alternative pricing methods.

4. Engaging with our stakeholders

During the year we have:

- Increased the accessibility of our services and the visibility of our work to stakeholders: through our engagement at both operational and senior level both with industry and the MOD, and through being more visible on the ground.
- Secured places at government and industry forums to continue learning about the wider defence landscape in which single source contracting sits, enabling us to better target our insights and guidance. We have also given speeches and led information sharing sessions to industry membership bodies with the aim of growing knowledge and understanding of the regulatory framework.
- Continued to engage with stakeholders, including through our established Operational Working Group and Reporting & IT Subgroup.
- Undertaken industry site visits, involving staff and Board members, which provide opportunities for us to gain an overview of a company, its structure, capabilities and business, and to hear its perspective. It also allows us to engage in discussion about a company's experience of working with the single source procurement framework and how the SSRO can further support them and the MOD.
- Used our website and social media to reach a wider audience of industry and government professionals who have an interest in our work.

5. A skilled, agile and engaged SSRO team

During the year we have:

- Focused on developing our existing talent; recruiting staff with the right experience, skills, and knowledge, with expertise from a range of relevant professional domains; and promoting equality and diversity in all we do through our new Workforce Strategy.
- Embedded commercial knowledge and experience requirements into our recruitment material and we have secured access to the MOD's commercial pathway training.
- Benefited from an MOD Commercial Function secondee on a year's placement in June (2023).
- Sought outward placement programmes with stakeholders for existing employees to build mutual understanding, expand their knowledge and improve their skills. The first of these took place in April 2024. We have also sought inbound targeted 'task & finish' stakeholder placements to support our guidance development and have been successful in securing several offers.

6. Operate an efficient and effective organisation

During the year we have:

- Achieved a net underspend within 1.5 per cent of our budget.
- Rationalised our office space by relocating to available surplus government estate at 100 Parliament Street, London in July 2023.
- Reviewed and streamlined our processes, document production and governance to better reflect our size and focus. We have ensured that our current resources are deployed efficiently and effectively and demonstrate value for money.
- Maintained our Cyber Essentials Plus certification and gained a positive MOD Organisational Cyber Capability Assessment.

Key issues and risks for the SSRO







Our key risks across the year were that:

Key risk	Mitigation
DefCARS data and the SSRO's analysis, guidance and services are under-utilised	Engagement with MOD to promote understanding and use of DefCARS
	Improved user accessibility through roll-out of access to Power BI reports, new videos and webinars.
	Exploring opportunities to build DefCARS data in MOD's own processes.
An IT security or information breach, or key systems including DefCARS are unavailable to users	Continual programme of security monitoring, penetration testing and assessment supported by independent external security and information risk advice.
	The SSRO holds Cyber Essentials Plus certification and policies comply with the requirements of ISO27001.
	All staff and non-executive Board members undertake annual cyber security training.
	The Audit and Risk Assurance Committee (ARAC) undertakes an annual deep dive into cyber-security risk.
	SSRO and IT supplier processes and systems updated in line with HMG technology and security guidance.
	Third party contracts for management, monitoring & updating of IT environment and DefCARS. Includes incident handling and response, including 24/7 cover for major incidents.
	In depth testing prior to each DefCARS release.
The regulatory framework does not always operate optimally or consistently	Greater and improved support through our programme of stakeholder engagement.
	Ongoing support for stakeholders (including onboarding, training, operational working group meetings and the SSRO helpdesk).

Performance analysis

Delivery against the Corporate Plan

Our current Corporate Plan covers the three years from 2023 to 2026. We set Key Performance Indicators that represent achievement of our overall Corporate Plan. In 2023/24, our performance against these measures was:

Objective	Target	2023/24	Status
Objective 1: Maintain a pricing system that supports value for money and fair prices	Annual assessment accepted by the Secretary of State.	Pass	 Achieved
	Median and actual contract profit rates within target 2 percentage points and 5 percentage points of baseline profit rate respectively.	0.03 1.62	
Objective 2: Support a well-functioning regulatory framework	Increase in requests for pre-referral support and stakeholder engagement events (previous year 6).	9	 Exceeded
	90% of responses to questions provided within target timeframe.	100%	
	New pricing guidance issued in time to support the implementation of legislative changes.	Pass	
	Increase in engagement measured through number of planned workshops, key face to face engagements and training events for the MOD and Contractors.	Pass	
Objective 3: Promote the utilisation of DefCARS data and insights to support procurement decisions and contract management	Five or more new management information reports produced using DefCARS data and 95% of Section 36/37 requests for analysis responded to within the agreed initial timescale.	8 100%	 Partially achieved
	75% or more reports submitted correctly first time and 75% or more submitted on time.	61% 66%	
	Three or more MOD Teams engaged with as part of the Data Utilisation project and an increase of 10 pp in the percentage of contractor submitted reports accessed by MOD teams engaged with as part of the Data Utilisation project.	3 1pp	
Objective 4: Engaging with our stakeholders	75% or more of planned engagement is successfully achieved.	100%	 Exceeded
Objective 5: A skilled, agile and engaged SSRO team	Employee survey engagement score of 70% or over.	67%	 Not fully met
	90% or more of staff feel included and treated fairly.	83%	
	80% or more of staff have undertaken planned SSRO Commercial Training Pathway or other CPD for the year.	Measured in 2025	
Objective 6: Operate an efficient and effective organisation	Manage our financial expenditure to within 2% of our corporate budget without exceeding our Grant-in-Aid limit.	-1.5%	 Achieved
	90% or more of significant project milestones met.	100%	

Performance relates to the Corporate Plan effective from 2023.

Financial performance during the year

This section provides a summary of the SSRO's financial performance during the 2023/24 financial year. It explains how the grant funding received by the SSRO was utilised.

Grant in Aid

The SSRO received Grant in Aid funding from the MOD totaling £6,470,000 (Note 12) to cover its planned expenditure (2022/23: £6,417,000).

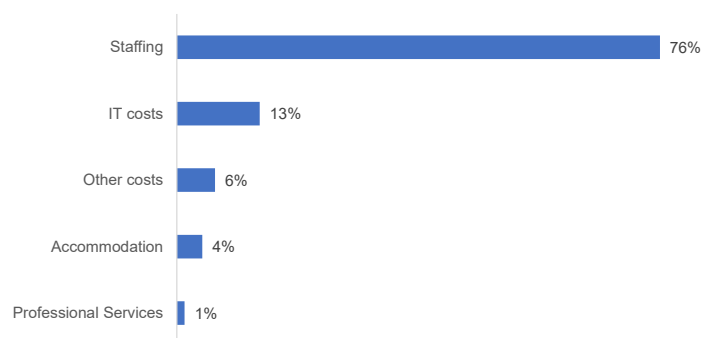
During 2023/24 the SSRO incurred additional costs of £19,000 on referrals work. Although the SSRO has agreed with the MOD that costs arising from referrals to the SSRO are requested and funded separately as they are incurred, no additional Grant in Aid was requested during 2023/24 by the MOD to cover these costs. (2022/23: nil).

Expenditure

The SSRO's expenditure includes staff payroll and staff-related costs, ICT, accommodation, professional, and other supplies and services. Staff costs are the highest area of expenditure for the SSRO (76%, 2022/23: 69%) and have increased during 2023/24 because, in line with Civil Service Pay Remit Guidance, a 4.5% pay award, and a one off non-consolidated payment of £1,500 was applied.

Accommodation costs (4%, 2022/23: 11%)

reduced this year following the SSRO's accommodation move in June. These savings were repurposed to staff expenditure to facilitate the pay award, and to ICT (13%, 2022/23: 11%) to support DefCARS developments.



*Chart as per the Statement of Comprehensive Expenditure

The SSRO continues to achieve value for money in its day-to-day operational expenditure and provision of corporate support services when delivering its statutory functions. Elements of the SSRO's corporate operations are outsourced to support its in-house provision through a combination of government framework agreements and competitive procurement processes: these include finance, human resources and IT managed services.

The SSRO's outturn expenditure, excluding referrals, of £6,378,000 (2022/23: £6,385,000) represents utilisation of 98.6% of the Grant in Aid funding provided by the MOD (2022/23: 99.5%).

	£000
Expenditure per Statement of Comprehensive Expenditure	6,232
Expenditure capitalised during the year (included in the Statement of Financial position)	312
Movement in the Right of Use asset	104
Movement in Dilapidation provision	122
Less costs not included within the 2023/24 Grant in Aid budget	
Amortisation and depreciation	(369)
Asset impairment	(4)
Referrals costs absorbed by the SSRO	(19)
Total Grant in Aid expenditure	6,378

Creditor payments, target and performance

HM Treasury asks that government departments and other public sector bodies aim to pay 80% of undisputed invoices within five days. The SSRO paid 98% of undisputed invoices within the five-day target (2022/23: 98%). In line with the government's and the SSRO's commitment to transparency, the SSRO published its transparency reporting within the specified timescales during 2023/24.

A handwritten signature in black ink, appearing to read 'J. Russell', is positioned above the text 'Accounting Officer'.

Accounting Officer

22 July 2024

Accountability Report

Corporate governance report

This section provides information about the SSRO's Board members, sets out their responsibilities and describes the SSRO's systems of internal control and actions against its whistleblowing responsibilities.

Our Board Members during the year of review

The commentary relating to the Board reflects their activities during the year ending 31 March 2024.

Name		Start date	End date
Non-executive Board members			
Hannah Nixon	Chair	03/01/22	02/01/26
Roy Barker	Non-executive member Member of the Audit and Risk Assurance Committee and Regulatory Committee	01/06/23	31/05/27
Peter Freeman	Non-executive member Chair of the Regulatory Committee	06/09/17	05/09/25
Alastair Groom ^[1]	Non-executive member	01/10/21	30/09/25
Hugh Kelly	Non-executive member Chair of the Audit and Risk Assurance Committee and member of the People Committee	01/06/21	31/05/25
Claire Williams	Non-executive member Member of the Regulatory Committee and Chair of the People Committee	01/06/21	31/05/25
David Johnston	Non-executive member Member of the Audit and Risk Assurance Committee and Regulatory Committee	01/06/16	31/05/23
Executive Directors			
John Russell	Chief Executive	03/07/23	02/07/26
Joanne Watts ^[2]	Chief Regulatory Officer ^[3]	01/06/22	-
Neil Swift	Chief Executive	20/04/15	17/05/23

[1] Alastair Groom was Chair of the Audit and Risk Assurance Committee until 31 December 2023. Hugh Kelly took over as Chair on 1 January 2024

[2] Joanne Watts was acting Chief Executive from 18 May 2023 to 2 July 2023.

[3] The CRO role carries the designation of COO for the purposes of Schedule 4 of the Defence Reform Act 2014.

The MOD exercises its sponsorship responsibilities of the SSRO through the MOD Director of Sponsorship and Organisational Policy (DSOP). The sponsor is represented by Tara Usher, Head of Enabling Organisations Sponsorship.

Statement of responsibilities

Board members' responsibilities

The SSRO's [Corporate Governance Framework](#) sets out the Board's responsibilities. The Board regulates its own proceedings and has approved Standing Orders for that purpose.

Statement of Accounting Officer's responsibilities

Our auditor's details

The financial statements are audited by the Comptroller and Auditor General (C&AG). The C&AG has not provided any other service to the SSRO during the year. The audit fee is disclosed in Note 4.

The Chief Executive confirms that:

- there is no relevant information of which the auditors are unaware;
- they have taken all the steps he ought to ensure that he is aware of all relevant audit information; and
- they have taken all the steps he ought to ensure that the Comptroller and Auditor General is aware of all relevant audit information.

Under Schedule 4 (paragraph 12) of the Defence Reform Act 2014, the Secretary of State has directed the SSRO to prepare for each financial year a statement of accounts in the form of and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SSRO and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of the MOD designated the Chief Executive as Accounting Officer of the SSRO. The Chief Executive was the Accounting Officer during the reporting year 2023/24. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the SSRO's assets, are set out in *Managing Public Money* published by HM Treasury.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance statement

The governance statement covers the period from 1 April 2023 to the date the accounts are signed.

As Accounting Officer, I am responsible for upholding sound internal controls that support the SSRO's policies and objectives. The internal controls, which have been applied throughout the financial year 2023/24, safeguard the public funds and assets for which I am personally responsible as set out in HM Treasury's Managing Public Money handbook.

The purpose of the governance statement

The governance statement, for which I as Accounting Officer take personal responsibility, is intended to provide a clear understanding of the SSRO's business and its control structure. It sets out the stewardship arrangements for the SSRO and supplements the accounts and annual report, together providing a record of how the SSRO has performed in the last year. This statement also explains how the SSRO has complied with good governance principles and reviews the effectiveness of these arrangements.

SSRO's structure and governance framework

The SSRO is a non-departmental public body that operates independently and at arm's-length from the MOD, its sponsor department. The SSRO operates under a Framework Document agreed between the SSRO and the MOD. Our governance structure is defined in our Corporate Governance Framework.

The SSRO Board provides the strategic leadership for the SSRO in delivering its objectives.

An external Board Effectiveness Review was carried out in January 2024. Overall, the review concluded that the SSRO was fulfilling its responsibilities effectively, demonstrating a well-functioning board with strong governance and strategic oversight of the organisation. The review identified some areas for development, including clarification of committee and Executive roles and responsibilities and the Board's strategic versus operational focus. The Board subsequently endorsed the Chair's proposed response to address the recommendations.

The SSRO maintains a publicly available register of the private interests held by members of its Board and panel members. The rules and procedures in place for managing conflicts of interest, are set out in the SSRO's Code of Conduct for Board and Referral Committee members.

The Board currently has four committees and their responsibilities are set out below.

The Audit and Risk Assurance Committee provides scrutiny, oversight and assurance of risk management, information management, internal control and governance procedures to the Chief Executive, as Accounting Officer, and to the Board.

The Regulatory Committee oversees the SSRO's discharge of the regulatory functions not reserved to the Board. Among its roles are to approve the annual rates recommendation to the Secretary of State; to maintain strategic oversight of the review of legislation; and approve updates to the SSRO's statutory guidance.

The People Committee makes recommendations to the Board regarding: remuneration of staff; nominations to the Board; and the SSRO's work to promote respect and fairness through its equality, inclusivity, and diversity activities.

Referral Committees exercise the SSRO's functions, listed in Schedule 4, paragraph 10(3) of the Act. The Act states that such Committees must consist of three persons and at least one of the members must be an independent person who is not a member or employee of the SSRO. Committee members are appointed to individual referrals on a case-by-case basis.

The **Senior Leadership Team** supports the Chief Executive in managing the SSRO. It comprises Executive Directors and senior managers that have responsibility for the major activities of the SSRO.

The attendance of Board members at the Board and its committees (during their tenure in office) was:

Name	Board	Audit and Risk Assurance Committee	Regulatory Committee	People Committee	Referral Committee
Chair					
Hannah Nixon	5/5	-	-	-	-
Non-executive Board members					
Roy Barker ^[1]	5/5	4/4	6/6	-	2/2
Peter Freeman	5/5	-	7/7	-	2/2
Alastair Groom ^[2]	5/5	3/3	-	-	-
Hugh Kelly	5/5	4/4	-	3/3	8/8
Claire Williams	5/5	-	7/7	3/3	8/8
David Johnston ^[3]	-	-	1/1	-	-
Referral panel members					
Chris Fraser	-	-	-	-	8/8
Tim Walton	-	-	-	-	2/2
Executive Directors					
John Russell, Chief Executive ^[4]	4/4	-	-	-	-
Joanne Watts, Chief Regulatory Officer	5/5	-	-	-	-
Neil Swift ^[5]	-	-	-	-	-
Average attendance:	100%	100%	100%	100%	100%

[1] Roy Barker's appointment started on 1 June 2023.

[2] Alastair Groom ceased to be a member of the Audit and Risk Assurance Committee on 31 December 2023.

[3] David Johnston's appointment ended on 31 May 2023.

[4] John Russell's appointment started on 3 July 2023.

[5] Neil Swift's appointment ended on 17 May 2023.

Internal controls

This statement describes the SSRO's system of internal control, records the assurances received and provides an assessment of the organisation's risk profile and effectiveness in managing those risks.

We have established robust risk control processes, which are considered regularly by the Senior Leadership Team, Audit and Risk Assurance Committee and the Board. At no time has any part of the SSRO's system of internal controls failed or been suspended.

Risk management

Risk management is an integral part of the SSRO's internal control framework, for which the Chief Executive bears responsibility.

The SSRO's risk management policy reflects the principles set out in all government guidance including The Orange Book – management of risks, principles and concepts; Managing Public Money; and the Audit and Risk Assurance Handbook. Responsibilities fall as follows:

- The SSRO Board is responsible for ensuring there are effective arrangements in place to provide assurance on risk management, governance and internal control.
- The Audit and Risk Assurance Committee provides assurance to the Board on the SSRO's risk management.
- The Chief Executive is responsible for the internal control framework, which incorporates risk management processes and the Corporate Risk Register (CRR).
- The CRR is owned by the Board, maintained by the Senior Leadership Team and reviewed regularly by the Audit and Risk Assurance Committee on behalf of the Board.

The Board considers the SSRO's risk appetite and the SSRO's tolerance of risk is low or medium for all risks.

The most significant current corporate risks are described in the "Key issues and risks for the SSRO" section.

Financial management

The SSRO has effective controls in place to forecast, manage and report on its expenditure.

The Board agreed a budget bid for 2024/25, which informs grant in aid funding from the MOD.

The use of grant in aid funding is documented and monitored throughout the year. The Board considers the SSRO's performance against our Corporate Plan and budget at each meeting. A review of management accounts is completed each month by the Senior Leadership Team and we deliver value for money through having robust internal financial controls.

The SSRO approves spending before supply, with all expenditure over £30,000 requiring approval of the Chief Executive. The Board delegates to the Chief Executive the ability to approve contracts valued below the relevant threshold set for Part 2 of the Public Contracts Regulations 2015 for sub-central contracting authorities and within the SSRO's approved budget.

The SSRO operates in line with government mandated functional standards set out by HM Treasury.

How we evaluate internal controls

Internal audit

During 2023/24 internal audit has been provided by the Government Internal Audit Agency (GIAA), which reports its independent opinion on the adequacy and effectiveness of the SSRO's system of internal control and makes recommendations for improvement.

Internal audits completed in 2023/24:

Business continuity	Substantial
HR policies	Moderate
Workforce strategy	Substantial
Data quality	Substantial

GIAA found there were no fundamental or systemic control weaknesses by design or application, and no fraud and other material irregularities in the business areas, systems and processes reviewed to report to the ARAC.

GIAA presented a summary of the work of internal audit during the reporting year to the ARAC at its March 2024 meeting and the Committee also approved an internal audit programme for 2024/25. A substantial Head of Internal Audit Opinion for 2023/24 was issued in June 2024.

External audit

The external auditor, the Comptroller and Auditor General, is appointed by statute. The NAO comments in its annual Management Letter on governance and controls issues arising from the external audit of the SSRO's financial statements. A representative of the external auditor is invited to, and attends, all ARAC meetings and has direct access to me, to GIAA and to the Chair of the ARAC. The internal and external auditors are afforded the opportunity for a private session with the ARAC at least once a year.

Quality assurance over business critical models

I am required to include confirmation that an appropriate quality assurance framework is in place and is used for all business-critical models. As part of our project delivery assurance processes, separate independent assurance at key stages of any project will be requested from either the contractor or via an external provider (for example GIAA).

There were no projects requiring such assurance during the period.

Information assurance

The SSRO is a data controller under the Data Protection Act 2018 and is subject to the Freedom of Information Act 2000 and meets these and other relevant regulatory and legal requirements. The SSRO pays regard to the requirements set out in the HMG Security Policy Framework and follows policy and guidance issued by the National Cyber Security Centre, Cabinet Office and the MOD.

The SSRO IT Strategy makes use of shared services and infrastructure where appropriate, in line with Cabinet Office guidance for government IT. The IT Strategy is kept under review to ensure ongoing compliance with relevant guidelines and a scalable and resilient infrastructure to meet the needs of the business. The SSRO has maintained Cyber Essentials Plus certification since March 2016 and our information management policies and procedures are based on and checked against ISO 27001, the information security standard.

An Acceptable Use Policy is issued to all staff and updated annually. All staff are required to complete Civil Service Learning information security training and are provided with guidance on the Government Security Classifications, and the SSRO Information Classification and Handling Policy. Security accreditation was received and is being maintained for DefCARS and the SSRO technology environment, providing assurance to external stakeholders on the safe collection, storage, handling and analysis of sensitive data.

Security breaches and near misses are reported to the Executive Committee and the ARAC with individual breaches considered and escalated as appropriate, dependent on their seriousness.

During the reporting period there were no breach instances that the SSRO were required to report to the Information Commissioner's Office.

Significant control issues

No significant control issues arose during 2023/24 that need reporting in the Governance Statement. The NAO and internal audit have not raised any issues of significance in their Management Letter for 2023/24. As part of the review of effectiveness, I am required to disclose any actions taken or proposed to deal with significant control issues.

Taking into account the tests in Managing Public Money, external audit and value-for-money reports I can confirm that the SSRO has not had any significant control issues during 2023/24 and currently has no significant weaknesses to address. The SSRO has upheld internal controls during the year through risk management and other sources of assurance, including internal audit and there are satisfactory controls in place to identify and manage any significant risks faced by the SSRO. All controls were in place for the entirety of the year under review up until the date of approval.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the SSRO's internal controls. My review of the control framework is informed by the work of the internal auditors and the senior managers of the SSRO, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Management Letter and other reports. My attendance at the ARAC and other key meetings and access to internal and external auditors, alongside my knowledge of the organisation, provides me with assurance of the SSRO's internal controls and informs my approval of this statement.

Neil Swift was the SSRO Chief Executive and Accounting Officer until 17 May 2023. Joanne Watts, Chief Regulatory Officer, was interim Chief Executive and Accounting Officer from 18 May 2023 until my arrival on 3 July 2023. I have sought assurances from Neil Swift and Joanne Watts to inform my assessment of this statement. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the SSRO's auditors are aware of that information.

Action on whistleblowing disclosures

The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 requires the SSRO to publish each year a report on disclosures of information it has received which falls within the description of matters for which it is a prescribed person. No such disclosures were received during 2023/24.

The process by which whistleblowers may raise concerns with the SSRO, and the steps the SSRO will take to ensure whistleblowers are protected and that concerns are addressed are set out in the SSRO's Whistleblowing Policy.

Environmental impact

The SSRO operates a hybrid approach to working, with a combination of remote and office-based staff. Our day-to-day operation is entirely desk-based and we occupy office space through a third-party service agreement that seeks to use green energy suppliers. The SSRO does not operate machinery or vehicles and staff are expected to use public transport when travelling on SSRO business, whenever reasonably practicable.

The SSRO is exempt from the Greening Government Commitments due to the number of staff and size of office accommodation.

Remuneration and staff report

Remuneration policy

For the Chief Executive, remuneration is set by the SSRO Board. The appointment of the Chief Executive is approved by the Minister for Defence Procurement.

For the Executive Committee members, remuneration is set by the Chief Executive, in line with the SSRO's terms and conditions of employment and the remuneration policy. All arrangements comply with current government guidance on public sector pay.

The Executive Committee structure was agreed by the Board. Appointments were made by the SSRO Board, in line with the SSRO's terms and conditions of service and the executive directors, the Chief Executive and the Chief Regulatory Officer (Chief Operating Officer per the Act) are approved by the Minister for Defence Procurement.

Salary and pension entitlements

The following sections provide remuneration and pension details of the SSRO during 2023/24 and have been subject to external audit.

Salary

Salary includes gross salary and any other allowances to the extent that they are subject to UK taxation. This report is based on accrued payments made by the organisation and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the SSRO and treated by HM Revenue and Customs as a taxable emolument.

All employees are eligible for a travel card or equivalent for travel to the office and within London.

Non-consolidated pay

All staff are eligible for a non-consolidated performance payment. The total non-consolidated pay is calculated as a percentage of the SSRO's total wage bill, and it is apportioned based on staff performance as assessed, recorded and calibrated through the annual appraisal process.

No element of non-consolidated pay is pensionable. The performance payments reported relate to performance in 2023/24.

Pension CETV

The Chief Executive, Executive Directors and employees are all auto-enrolled into the Civil Service Pension Scheme but do have the option to opt out at any point. This scheme conforms to the requirements of auto-enrolment and is a defined benefit scheme, with the same level of benefits for all members. Contribution rates vary according to salary.

Other terms of employment

The Chief Executive has been appointed on a fixed term contract and is required to give 12 weeks' notice if they resign.

The Chief Regulatory Officer has a permanent employment contract, and is required to give three months' notice if they resign.

All other terms and conditions for the Chief Executive and the Chief Regulatory Officer are the same as for other staff.

Total remuneration and pension entitlements for the Executive Committee (audited)

Executive Committee remuneration										
Salary		Bonus payments		Benefits in kind (to nearest £100)		Pension benefits		Total Remuneration		
2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	
£000	£000	£000	£000	£	£	£000	£000	£000	£000	
Chief Executive										
John Russell	110-115	0	5-10	0	800	0	114	0	235-240	0
Annual equivalent	145-150				1,900	0				
Neil Swift	25-30	150-155	0	15-20	100	500	10	30	35-40	195-200
Annual equivalent	150-155	150-155			100	500				
Executive Committee										
Colin Hill	75-80	75-80	0-5	0-5	1,300	400	50	32	130-135	110-115
Annual equivalent	75-80	75-80			1,300	400				
Joanne Watts	130-135	100-105	5-10	5-10	900	600	51	40	190-195	150-155
Annual equivalent	130-135	125-130			900	600				
Mike Wetherell	95-100	105-110	0-5	0-5	900	400	40	40	135-140	150-155
Annual equivalent	100-105	105-110			900	400				

[1] Executive Board members' job titles, start and end dates are included in the Board appointment dates table.

[2] Mike Wetherell left the SSRO in March 2024.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum less the contributions made by the individual. The real increase excludes increases due to inflation or any increases or decreases due to transfer of pension rights.

Executive Committee pension entitlements						
Accrued pension at pension age and related lump sum as at 31 March 2024		Real increase in pension and related lump sum at pension age		CETV at 31 March 2024	CETV at 31 March 2023	Real increase in CETV
£000		£000		£000	£000	£000
Chief Executive						
John Russell	45-50 plus a lump sum of 135-140	5-7.5 plus a lump sum of 7.5-10		1,596	939	602
Neil Swift	25-30	0-2.5		417	336	7
Executive Committee						
Colin Hill	10-15	2.5-5		190	126	40
Joanne Watts	15-20	2.5-5		305	199	38
Mike Wetherell	15-20	0-2.5		264	179	28

[1] The SSRO has not made any early retirement payments to Executive Committee members during 2023/24 (2022/23: nil).

[2] The SSRO has not made any Employer contributions to the partnership pension account for the Executive Committee during 2023/24 (2022/23: nil).

[3] Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022/23, but are reported in the legacy scheme for the same period in 2023/24.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member).

The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate.)

Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

No compensation for loss of office was paid by the SSRO during 2023/24 (2022/23: nil).

Remuneration for the Chair and non-executive Board members (audited)

The remuneration of the Chair and the non-executive Board members is set by the Minister for Defence Procurement. The Chair's salary is based on working 60 days per year, with any additional days paid at £700 per day. Non-executive Board members' salaries are based on working 24 days per year, with any additional days paid £500 per day. The Chair is paid an average of one day per week and the non-executive Board members are appointed to work between two and four days per month on average. The Chair and the non-executive Board members have no entitlement to performance-related pay, pension or any other benefits.

Non-Executive members may be appointed to a referral committee and will work additional days as each referral requires. The SSRO requests separate additional funding from the MOD for this work, which the MOD provides if the expenditure cannot be met from existing Grant in Aid.

The following table summarises the salaries of the Chair and remuneration for the Chair and non-executive Board members.

		2023/24	2022/23
	Date appointed	£000	£000
Chair			
Hannah Nixon Annual Equivalent	January 2022	40-45 40-45	40-45 40-45
Non-executive Board members			
Roy Barker ^[1] Annual Equivalent	June 2023	10-15 10-15	0 0
Peter Freeman ^[2] Annual Equivalent	September 2017	10-15 10-15	10-15 10-15
Alastair Groom ^[3] Annual Equivalent	October 2021	10-15 10-15	15-20 15-20
Hugh Kelly ^[4] Annual Equivalent	June 2021	15-20 15-20	10-15 10-15
Claire Williams ^[5] Annual Equivalent	June 2021	15-20 15-20	20-25 20-25
David Johnston ^[6] Annual Equivalent	June 2016	0-5 10-15	15-20 15-20

[1] Roy Barker worked a total of 8.5 additional days including 0.25 days on referral work.

[2] Peter Freeman worked an additional 2 days on referral work during the year.

[3] Alastair Groom has worked an additional 1.5 days during the year.

[4] Hugh Kelly worked an additional 11.5 days on referral work during the year.

[5] Claire Williams worked an additional 5 days on referral work during the year.

[6] David Johnston worked 2 additional days until his term ended on 31 May 2023.

[7] There were no other benefits paid to the Chair or non-executive Board members.

[8] Non-executive directors' titles, start and end dates are included in the Board appointment dates table.

Fair pay disclosures (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

Remuneration includes salary, non-consolidated performance related pay and benefits in kind. The figures do not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. This is summarised in the following table.

	31 March 2024			31 March 2023		
	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
	£000	£000	£000	£000	£000	£000
Highest paid director's total remuneration band	160,000-165,000			165,000-170,000		
Employee total remuneration	66,829	74,338	105,941	56,593	79,808	108,856
Employee salary	62,900	70,267	102,036	55,745	78,242	107,730
Ratio (total remuneration)	2.4	2.2	1.5	3.0	2.1	1.5

During the year to 31 March 2024 there were no employees receiving a higher remuneration than the highest paid director (2022/23: nil). SSRO employee remuneration ranges from £38,699 to £161,374 (2022/23: £36,996 to £171,389). Average remuneration has increased in the 25th percentile as employees received a 4.5% pay increase, and posts have been restructured with some employees changing roles.

The median pay ratio is consistent with the pay, award and progression policies for the SSRO's employees and remains largely the same in the year to 31 March 2024.

The table below shows the year-on-year percentage change for salary, other benefits (excluding pension) and bonus for the highest paid director and the SSRO's employees (based on total full-time equivalent total reward for the relevant financial year).

		Salary	Other benefits	Bonus
Change from 2023 to 2024	Highest paid Director	(2%)	377%	(45%)
	SSRO employees	1%	194%	69%
Change from 2022 to 2023	Highest paid Director	2%	83%	0%
	SSRO employees	5%	36%	1%

Employees received a 4.5% pay increase during 2023/24 (2022/23: 3%) unless they were near or at the top of their pay band, then reduced or zero increases were applied. The SSRO also restructured some posts as vacancies arose, which reduced the overall average employee salary increase for the year to 1%. Other benefits increased in 2023/24 as employees travelled into the office more regularly, with the average value of these benefits for employees being £787. Employee bonuses were higher in 2023/24 as the SSRO paid an additional one off non-consolidated payment of £1,500 in line with Civil Service Pay Remit Guidance.

Staff report

Staff policies

During the 2023/24 financial year the SSRO has treated all employees in line with the Equalities Act 2010 and our internal policies, which are reviewed and considered by the SSRO People Committee annually, including our Single Equalities Scheme. The SSRO gives full and fair consideration to all applications for employment, appointing to posts based on merit. The SSRO arranges appropriate training to ensure the continuing development of its employees.

Staff numbers (audited)

The table below sets out the average number of full-time equivalent staff employed during the year.

	2023/24	2022/23
Permanent ^[1]	35	34
Non-payroll ^[2]	2	3
Total	37	37

[1] Permanent employee figures exclude non-executive Board members.

[2] Non-payroll figures include secondments and contractors.

Staff costs (audited)

The following table provides an analysis of the staff costs included in the Statement of Comprehensive Expenditure.

	2023/24			2022/23		
	Employed staff	Non-payroll staff	Total	Employed staff	Non-payroll staff	Total
	£000	£000	£000	£000	£000	£000
Salary	3,242	183	3,425	3,031	155	3,186
Social security	394	0	394	388	0	388
Pension	874	0	874	792	0	792
Other benefits	36	0	36	20	0	20
Total staff costs	4,546	183	4,729	4,231	155	4,386

Staff composition

The table below sets out the average full-time equivalent composition of SSRO permanent employees employed during the year.

	2023/24		2022/23	
	Male	Female	Male	Female
Chief Executive and Executive Committee	2	1	2	1
Employees	24	8	22	9
Total	26	9	24	10

Non-executive Board members are not included in the staff composition figures.

Staff sickness absence

During 2023/24 the average level of sickness absence was three days per employee (2022/23: two days).

Staff turnover

The SSRO had a staff turnover of 14% during 2023/24 (2022/23: 21%)

Exit packages (audited)

There were no redundancies or other departure costs during the year to 31 March 2024 (2022/23: nil).

Contingent labour expenditure

The SSRO incurred costs of £183,000 on contingent labour during 2023/24 (2022/23: £258,000). These costs decreased in 2023/24 as the SSRO filled vacant posts and completed its ICT project during 2022/23.

Consultancy expenditure

The SSRO had no consultancy expenditure during 2023/24 (2022/23: £49,000).

Off-payroll engagements

During the year to 31 March 2024 the SSRO had four off-payroll engagements for more than £245 per day. (2022/23: 7). None of these engagements were subject to off-payroll legislation.

As at 31 March 2024 the SSRO had two existing off-payroll contract engagement for more than £245 per day (2022/23: 2). These engagements existed for less than one year at the reporting date.

Engagements of Board members and senior officials with significant responsibility

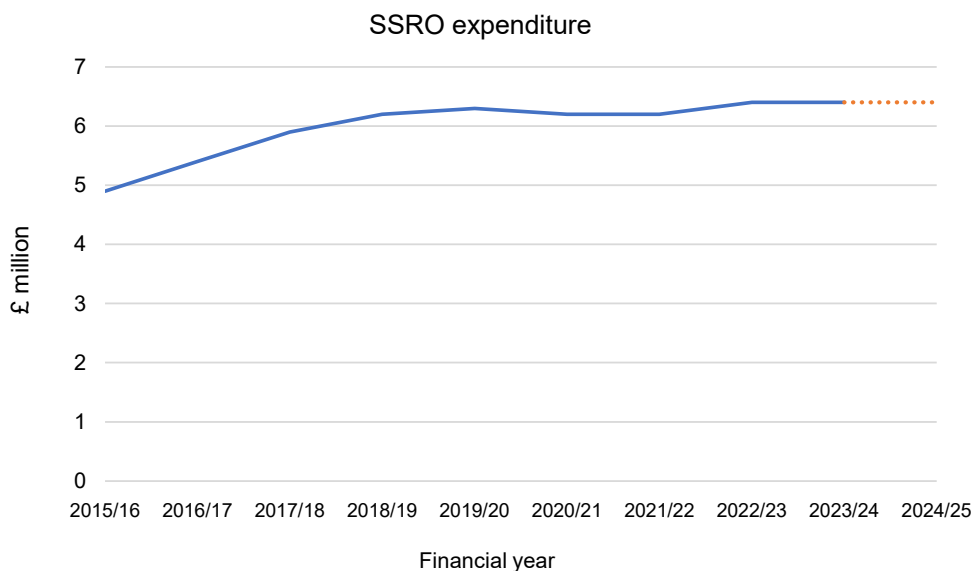
The SSRO had 12 Board members and/or senior officials with significant responsibility during the period to 31 March 2024 (2022/23: 11). Roy Barker joined the SSRO in June 2023 as a non-executive Board member, replacing David Johnston who left the SSRO in June 2023. Mike Wetherell, Director of Corporate Resources, left in March 2024. None of these Board members or Senior Officials were off-payroll engagements.

Parliamentary accountability and audit report

Regularity of expenditure (audited)

All expenditure incurred in the period to 31 March 2024 was in accordance with HM Treasury and other government guidance. All expenditure was regular and in line with the purposes for which Grant in Aid was provided.

The SSRO's recurrent costs are largely fixed with some one-off IT development costs being incurred. Its expenditure trend since inception and forecast for the next 12 months is shown below.



Losses and special payments (audited)

There were no losses or special payments during the year to 31 March 2024 (2022/23: nil).

Remote contingent liabilities (audited)

The SSRO has no remote contingent liabilities as at 31 March 2024 (2022/23: nil).

Accounting Officer

22 July 2024

Signed in respect of the Accountability Report.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Single Source Regulations Office for the year ended 31 March 2024 under the Defence Reform Act 2014.

The financial statements comprise the Single Source Regulations Office's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Single Source Regulations Office's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Defence Reform Act 2014 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Single Source Regulations Office in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Single Source Regulations Office's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Single Source Regulations Office's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Single Source Regulations Office is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Defence Reform Act 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Defence Reform Act 2014; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Single Source Regulations Office and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Single Source Regulations Office or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the board and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Single Source Regulations Office from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Defence Reform Act 2014;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Defence Reform Act 2014; and
- assessing the Single Source Regulations Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board and Accounting Officer anticipates that the services provided by the Single Source Regulations Office will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Defence Reform Act 2014.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Single Source Regulations Office's accounting policies.
- inquired of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Single Source Regulations

Office's policies and procedures on:

- identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Single Source Regulations Office's controls relating to the Single Source Regulations Office's compliance with the Defence Reform Act 2014 and Managing Public Money.
- inquired of management, internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
 - discussed with the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Single Source Regulations Office for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions and fraudulent expense claims. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Single Source Regulations Office's framework of authority and other legal and regulatory frameworks in which the Single Source Regulations Office operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Single Source Regulations Office. The key laws and regulations I considered in this context included Defence Reform Act 2014 and Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date:

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements

31 March 2024

Statement of Comprehensive Net Expenditure

for the year to 31 March 2024

		Year to 31 March 2024	Year to 31 March 2023
	Note	£000	£000
Operating income	2	9	84
Total operating income		9	84
Operating expenditure			
Staff costs	3	4,729	4,386
Information Technology	4	566	601
Accommodation	4	93	302
Purchase of other goods and services	4	486	588
Depreciation and amortisation	4-7	369	504
Provisions	4/11	(2)	(4)
Total operating expenditure		6,241	6,377
Net expenditure for the year		6,232	6,293
Other comprehensive net income			
Items which will not be classified to net operating costs			
Net gain on revaluation of plant and equipment	5/13	0	(4)
Net loss (gain) on revaluation of intangibles assets	7/13	(22)	0
Total other comprehensive net income		(22)	(4)
Total comprehensive net expenditure for the year		6,210	6,289

The Notes to the Financial Statements on pages 42 to 54 form part of these accounts.

Statement of Financial Position

as at 31 March 2024

		As at 31 March 2024	As at 31 March 2023
	Note	£000	£000
Non-current assets			
Plant and equipment	5	59	72
Right of use assets	6	526	73
Intangible assets	7	396	308
Total non-current assets		981	453
Current assets			
Other receivables within one year	8	132	164
Cash and cash equivalents	9	555	282
Total current assets		687	446
Total assets		1,668	899
Current liabilities			
Trade and other payables	10	(549)	(391)
Provisions	11	0	(130)
Obligations under leases	16	(50)	(93)
Total current liabilities		(599)	(614)
Total assets less current liabilities		1,069	285
Non-current liabilities			
Obligations under leases	16	(482)	0
Total non-current liabilities		(482)	0
Total assets less total liabilities		587	285
Taxpayers' equity and other reserves			
General Fund	12	585	273
Revaluation Reserve	13	2	12
Total equity		587	285

The Notes to the Financial Statements on pages 42 to 54 form part of these accounts.



Accounting Officer, 22 July 2024

Statement of Cash Flows

for the year to 31 March 2024

		Year to 31 March 2024	Year to 31 March 2023
	Note	£000	£000
Cash flows from operating activities			
Net operating expenditure		(6,232)	(6,293)
Adjustments for non-cash transactions			
Loss on asset impairment	7	4	0
Depreciation	5/6	160	386
Amortisation	7	209	118
(Decrease) in other receivables (excluding accommodation lease)	8	8	41
Increase/(decrease) in trade payables	10	158	(110)
(Decrease) in provisions	11	(130)	(4)
Interest on lease liabilities	16	14	3
Net cash outflow from operating activities		(5,809)	(5,859)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(33)	(39)
Purchase of intangible assets	7	(279)	(269)
Proceeds from sub-lease receipts	17	22	104
Net cash outflow from investing activities		(290)	(204)
Cashflows from financing activities			
Grant in aid	12	6,512	6,206
Capital payments against leases	16	(140)	(402)
Net inflow from financing activities		6,372	5,804
Net (decrease)/increase in cash and cash equivalents		273	(259)
Cash and cash equivalents at the beginning of the year		282	541
Cash and cash equivalents at the year end		555	282

The Notes to the Financial Statements on pages 42 to 54 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year to 31 March 2024

	General fund	Revaluation reserve	Taxpayers' equity
	£000	£000	£000
Balance at 31 March 2022	347	21	368
Total Grant in Aid received	6,206	0	6,206
Total comprehensive expenditure	(6,293)	0	(6,293)
Asset revaluation gains	0	4	4
Reserves transfer	13	(13)	0
Balance at 31 March 2023	273	12	285
Total Grant in aid received	6,512	0	6,512
Total comprehensive expenditure	(6,232)	0	(6,232)
Asset revaluation gains	0	22	22
Reserves transfer	32	(32)	0
Balance at 31 March 2024	585	2	587

Notes to the Financial Statements

The notes that follow form part of the financial statements.

Note 1: Accounting conventions and policies

1.1 Basis of accounts preparation

These financial statements have been prepared in accordance with the 2023/24 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the SSRO for the purpose of giving a true and fair view has been selected. The policies adopted by the SSRO are outlined below. They have been applied consistently in dealing with items that are considered material to the accounts. We also include additional disclosures in line with our Accounts Direction issued by the MOD (Appendix 1).

1.2 Accounting convention

The SSRO prepares these accounts using the historical cost convention, adjusted to account for the revaluation of non-current assets to their value to the business by reference to their current value in existing use.

1.3 Going concern

These financial statements are prepared on a going concern basis.

1.4 Recent changes to accounting standards affecting the preparation of accounts

The SSRO has considered, under International Accounting Standard (IAS) 8, whether there have been any changes to accounting policies arising from IFRS that have an impact on the current or prior year or may have an effect on future years. The SSRO has reviewed any new or amended standards issued by the International Accounting Standards Board, to decide whether they should make any disclosures in respect of those new IFRS standards that are, or will be, applicable but there is no impact to the 2023/24 financial statements.

1.5 Grant in Aid

The SSRO treats Grant in Aid from the MOD, whether revenue or capital, as a contribution from a controlling party giving rise to financial interest in our organisation and credits these funds directly to the fund reserve as the cash amounts are received.

1.6 Income

The SSRO received income from subletting part of its third-floor accommodation in Finlaison House. This income is recognised in the Statement of Comprehensive Income in the year that it relates to. The SSRO's sublet of Finlaison House ended on 23 June 2023, so there will be no further cash amounts received in future years from this arrangement.

1.7 Value added tax (VAT)

The SSRO is registered for VAT relating to secondment income and any directly attributable costs. All other VAT incurred is not recoverable, and the SSRO expenses this VAT to the Statement of Net Expenditure or capitalises it for the purchase of non-current assets in the year it is incurred.

1.8 Property, plant and equipment

The SSRO capitalises office refurbishments, computer equipment purchases, and other equipment purchases for individual purchases over £1,000, or grouped purchases over £5,000. The SSRO capitalises all costs incurred to bring the asset into use, and where applicable any estimated costs to remove the asset at the end of its life.

1.9 Intangible assets

The SSRO capitalises internally generated assets and new software, including any licences that cover the life of the software for individual purchases over £1,000 or grouped purchases over £5,000. Internally generated assets are capitalised once they meet the criteria for the development phase under IAS 38. Research costs are expensed in the year they relate to.

1.10 Depreciation and amortisation

The SSRO provides for depreciation on all property, plant and equipment that are considered non-current assets and amortisation of intangible non-current assets. The SSRO calculates depreciation charges to write off the cost less the estimated residual value of each item in equal annual instalments over its expected useful life. Unless otherwise appropriate, the SSRO has set the expected useful life of each category of non-current asset as:

- leasehold improvements, over the remaining term of the lease;
- furniture, fittings and office equipment five to seven years;
- computer equipment, three to five years; and
- intangible assets, three to five years.

The FReM requires that the subsequent measurement basis of all right-of-use assets should be consistent with the subsequent measurement of owned assets. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the asset.

1.11 Non-current asset revaluation

Following initial recognition, the SSRO's leasehold and intangible non-current assets are reviewed and revalued annually to current value in existing use. In line with FReM guidance on Modified Historic Cost Accounting (MHCA), relevant MHCA indices are used to revalue these non-current assets.

1.12 Financial instruments

The fair value of the SSRO's financial instruments (other receivables and payables) are valued at their nominal amount as they are due in less than 12 months.

1.13 Leases

Initial recognition

A contract is, or contains, a lease if it conveys the right to control the use of an asset for a period of time. If it is a lease, at the contract commencement date (or the IFRS 16 recognition date, if later), the SSRO recognises a right-of-use asset and a lease liability.

Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (or the IFRS 16 recognition date, if later, adjusted for any lease payments made at that date) plus an estimate of the costs of obligations restore the underlying asset and the site on which it is located. The right of use assets is presented in Note 6.

The right-of-use asset is subsequently depreciated in equal instalments from the commencement date to the end of the lease term.

Lease liability

The lease liability is measured at the total fixed payments over the lease term (or over for the remaining lease term, at the IFRS 16 recognition date, if later). The payments are discounted at the recognition date using the discount rate mandated by HM Treasury of 3.51%. The lease liability is presented within Notes 10 and Note 16.

The lease liability is measured at amortised cost. It is remeasured when there is a change in future lease payments arising from any decision to exercise a break clause or termination option.

In accordance with IFRS 16, the SSRO excludes the following contracts, which will be recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term.

- Low-value items costing less than £1,000 when new, provided they are not highly dependent on or integrated with other items; and
- Contracts with a term shorter than twelve months.

Lessor

The SSRO's sub lease agreement ended in June 2023. The value of the sub-lease was the total of the fixed lease payments receivable over the term of the lease agreement. The payments were discounted at transition using the discount rate mandated by HM Treasury of 0.95%. The lessor amounts receivable are presented in Notes 8 & 17.

1.14 Provisions

In accordance with IAS 37, provisions are disclosed in the Statement of Financial Position for legal and constructive obligations in existence at the end of the reporting year if the payment amount to settle the obligation is probable and can be reliably estimated.

1.15 Accounting estimates

Judgements and estimates are required in applying our accounting policies that may affect the amounts the SSRO includes in its financial statements. The main areas are:

- Non-current assets (notes 5 - 7) - the SSRO reviews non-current assets each year for impairment and to ensure useful lives remain appropriate, in line with accounting standards. Where non-current assets are revalued at the year-end (Leasehold and Intangibles), the SSRO uses MHCA indices provided by the MOD (intangibles) and the Valuation Office Agency (Leasehold).
- Provisions (note 11) - the SSRO estimates dilapidation provisions based on an assessment of likely dilapidation costs when they plan to vacate a property. This assessment is based on a valuation report provided by an independent surveyor who has viewed the SSRO's accommodation.

1.16 Pensions

SSRO staff are eligible for a pension provided by the Principal Civil Service Pension Scheme (PCSPS). The SSRO has been included in Schedule 1 of the Superannuation Act 1972 as per schedule 4 of the Defence Reform Act 2014.

The SSRO incurs Employer's contribution costs along with scheme administration costs. This expenditure is recognised in the Statement of Comprehensive Net Expenditure in the year it is incurred.

Note 2: Other operating income

The note below provides a breakdown of the other operating income shown in the Statement of Comprehensive Net Expenditure.

	Year to 31 March 2024	Year to 31 March 2023
Other operating income	£000	£000
Accommodation sublet	9	84
Total operating income	9	84

The SSRO sublet part of its third-floor accommodation within Finlaison House to the Government Property Agency from August 2021 to the end of its lease term in June 2023.

Note 3: Staff costs

The note below provides a breakdown of the staff costs shown in the Statement of Comprehensive Net Expenditure.

	Year to 31 March 2024	Year to 31 March 2023
Staff costs	£000	£000
Salary	3,425	3,186
Social security	394	388
Pension	874	792
Other benefits	36	20
Total staff costs	4,729	4,386

Further information on staff costs and numbers are included in the Staff Report.

Note 4: Other expenditure

The note below provides a breakdown of the other expenditure shown in the Statement of Comprehensive Net Expenditure.

	Year to 31 March 2024	Year to 31 March 2023
	£000	£000
Other expenditure		
Information Technology	566	601
Amortisation	209	118
Publications and subscriptions	143	141
Depreciation - Right of use asset	114	291
Accommodation costs - other	93	302
Outsourced services	78	71
Professional services	58	140
Depreciation - Plant and equipment	46	95
Staff training	43	29
Audit fee - internal	40	38
Audit fee - external	31	29
Insurance	18	18
Legal services	18	2
Recruitment	17	94
Travel and subsistence	16	16
Finance cost	15	3
Office supplies and services	4	5
Intangibles - loss on impairment	4	0
Bank charges	1	1
Other lease costs	0	1
Provisions	(2)	(4)
Total other expenditure	1,512	1,991

The external audit fee for 2023/24 is £31,000. (2022/23: £28,500). During the reporting year, the SSRO did not contract any non-audit services from its external auditor, the National Audit Office (NAO). The SSRO's accommodation costs reduced this year following its office relocation in June 2023.

Note 5: Property, plant and equipment

This note provides an analysis of the movements in property, plant and equipment shown in the Statement of Financial Position.

	Leasehold improvements	Furniture and Fittings	Information Technology	Total
	£000	£000	£000	£000
Cost				
At 1 April 2023	414	99	336	849
Additions	5	0	28	33
Disposals	(413)	(99)	(256)	(768)
At 31 March 2024	6	0	108	114
Depreciation				
At 1 April 2023	401	96	280	777
Charged in year	13	3	30	46
Disposals	(413)	(99)	(256)	(768)
At 31 March 2024	1	0	54	55
Net book value				
At 31 March 2024	5	0	54	59
Cost				
At 1 April 2022	391	100	297	788
Additions	0	0	39	39
Disposals	0	(1)	0	(1)
Revaluation	23	0	0	23
At 31 March 2023	414	99	336	849
Depreciation				
At 1 April 2022	330	85	249	664
Charged in year	52	12	31	95
Disposals	0	(1)	0	(1)
Revaluation	19	0	0	19
At 31 March 2023	401	96	280	777
Net book value				
At 31 March 2023	13	3	56	72

All property, plant and equipment non-current assets are owned by the SSRO. There have been no impairments during the year to 31 March 2024. Apart from leasehold non-current assets, assets are held on a depreciated historical cost basis, as a proxy for their current value in existing use. In line with FReM guidance the SSRO reviews the current value of its leasehold assets at each published Statement of Financial Position date, and uses Valuation Office BCIS indexation. However, no review was required this year as the assets were capitalised at current market rates during the year. The SSRO reviewed the useful economic life of its non-current assets at 31 March 2024.

Note 6: Right of use lease assets

This note provides an analysis of the movements in the SSRO right of use assets in the Statement of Financial Position.

	31 March 2024	31 March 2023
	£000	£000
Cost		
At 1 April 2023	364	364
Additions	574	0
Disposal	(357)	0
Revaluation	(7)	0
Total cost	574	364
Depreciation		
Balance as at 1 April 2023	291	0
Charged in year	114	291
Disposal	(357)	0
Total depreciation	48	291
Net book value	526	73

The SSRO's lease relating to its accommodation at Finlaison House was recognised as a Right of Use Asset on 1 April 2022. This lease commenced in July 2014 for a term of nine years and expired in June 2023. The SSRO agreed a 10-year lease for its new accommodation at 100 Parliament Street which commenced in June 2023. This lease was recognised as a Right of Use asset.

Note 7: Intangible assets

This note provides an analysis of the movements in intangible non-current assets shown in the Statement of Financial Position.

	31 March 2024	31 March 2023
	£000	£000
Cost		
At 1 April 2023	724	629
Additions	279	269
Disposals	0	(174)
Impairment	(4)	0
Revaluation	55	0
Total cost	1,054	724
Amortisation		
At 1 April 2023	416	472
Charged in year	209	118
Disposals	0	(174)
Revaluation	33	0
Total amortisation	658	416
Net book value	396	308

All intangible non-current assets are owned by the SSRO. The SSRO's additions are development costs relating to its DefCARS asset. The SSRO is currently reviewing its ICT strategy and the revised useful economic life of this asset has been aligned with other ICT elements that are also under review over the next 12 months.

In line with FReM guidance the SSRO reviews the current value of its intangible non-current assets at each published Statement of Financial Position date. MHCA indices were used to value these assets as at 31 March 2024.

Note 8: Other receivables

This note provides an analysis of the other receivables line in the Statement of Financial Position.

	31 March 2024	31 March 2023
	£000	£000
Trade and other receivables	0	57
Net investment in accommodation lease	0	24
Prepayments	132	83
Total other receivables	132	164

All receivables are due within one year.

Note 9: Cash and cash equivalents

The following note summarises the SSRO's cash and cash equivalents as shown in the Statement of Financial Position.

	31 March 2024	31 March 2023
	£000	£000
Balance at 1 April	282	541
Net change in cash and cash equivalents	273	(259)
Total cash and cash equivalents	555	282

All cash balances are held with the Government Banking Service.

Note 10: Trade and other payables

This note analyses the SSRO's trade and other payables as shown in the Statement of Financial Position.

	31 March 2024	31 March 2023
	£000	£000
Trade and other payables	170	41
Accruals	279	230
HMRC - social security	100	120
Total trade and other payables	549	391

There were 15 unpaid invoices at 31 March 2024 (2022/23: 30). During the year to 31 March 2024, 98 per cent of undisputed invoices were paid within five days (2022/23: 98 per cent). All SSRO payables fall due within one year.

Note 11: Provisions

This note shows the movement in provisions during the year.

	Year to 31 March 2024	Year to 31 March 2023
	£000	£000
Opening balance 1 April	130	134
Provision in the year	0	(4)
Utilised in the year	(120)	0
Released in year	(10)	0
Total provisions 31 March	0	130

The SSRO's provision is for dilapidations relating to accommodation at Finlaison House. Negotiations on final costs relating concluded in August 2023 and totaled £120,000.

Note 12: General Fund

This note shows the movement in the general fund for activities during the year.

	Year to 31 March 2024	Year to 31 March 2023
	£000	£000
General fund brought forward 1 April	273	347
Grant in aid received	6,512	6,206
Net operating expenditure	(6,232)	(6,293)
Transfer from revaluation reserve	32	13
General Fund carried forward 31 March	585	273

The SSRO agreed total Grant in Aid funding of £6,470,000 for the year to 31 March 2024. It also incorrectly received an additional £65,000 which will be repaid back to the MOD in the 2024/25 financial year. During the year the MOD netted unclaimed prior year underspends totaling £23,000 against quarterly Grant in Aid payments.

Note 13: Revaluation Reserve

This note shows the movement in the revaluation reserve during the year.

	Year to 31 March 2024	Year to 31 March 2023
	£000	£000
Revaluation reserve brought forward 1 April	12	21
Net gain on revalued non-current assets	22	4
Transfer to general fund	(32)	(13)
Revaluation reserve carried forward 31 March	2	12

Following initial recognition, the SSRO's leasehold and intangible non-current assets are reviewed and revalued annually to current value in existing use using relevant indices in line with FReM guidance. The SSRO's leasehold and intangible non-current assets were reviewed as at 31 March 2024.

Note 14: Financial Instruments

As the cash requirements of SSRO are met through Grant in Aid, financial instruments play a limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the SSRO's expected purchase and usage requirements. The SSRO has no material exposure to currency, credit, liquidity or market risk.

Note 15: Capital commitments

The SSRO does not have any future contracted capital commitments as at 31 March 2024 (2022/23: nil).

Note 16: Lease liabilities

The note below provides an analysis of contractual cash flows relating to lease liabilities.

	31 March 2024	31 March 2023
	£000	£000
Maturity analysis on undiscounted lease liabilities		
Payable within one year	68	93
Payable in two to five years	272	0
Over five years	283	0
Total undiscounted lease liabilities	623	93
Less interest element	(91)	0
Present value of lease liabilities in the financial statements	532	93

	31 March 2024	31 March 2023
	£000	£000
Lease liabilities included in the statement of financial position		
Current: payable within 12 months	50	93
Non-current: payable over 12 months	482	0
Total lease liabilities	532	93

	31 March 2024	31 March 2023
	£000	£000
Lease amounts recognised in the statement of comprehensive income		
Interest on lease liabilities	14	3

No payments were made during the year relating to short-term, low value leases or variable leases.

	31 March 2024	31 March 2023
	£000	£000
Lease amounts recognised in the cashflow		
Cash outflow for leases	140	402

Note 17 Future lease income

17.1: Property lease

The note below provides a maturity analysis of contractual undiscounted cash flows relating to lease liabilities. Lease receivables are recognised within Note 8.

	31 March 2024	31 March 2023
	£000	£000
Maturity analysis		
Receivable within one year	0	24
Total undiscounted lease receivables	0	24
Lease receivables in the financial statements	0	24

Lease receivables are included within Note 8. The SSRO sublet part of its third-floor accommodation within Finlaison House to the Government Property Agency until its lease expired in June 2023. The SSRO received payments of £22,000 for its sublet accommodation during the year to 31 March 2024 (2022/23: £104,000).

The note below provides an analysis of the movements in the lease receivables during the year.

	31 March 2024	31 March 2023
	£000	£000
As at 1 April	24	128
Lease end date adjustment	(2)	0
Receipts	(22)	(104)
Lease receivable as at 31 March 2024	0	24

Note 18: Contingent assets and liabilities

As at 31 March 2024, the SSRO has no contingent assets or liabilities (2022/23: nil).

Note 19: Related party transactions

The SSRO's related party disclosures meet the requirements of IAS 24. Disclosure relates to key management personnel of the SSRO, or their close family members, who are in a position of significant influence resulting from being elected to, receiving remuneration from or being appointed to any organisation:

- that is a government department; or
- that is a provider or receiver of significant services to, or from, the SSRO.

All related party transactions and balances over £1,000 are disclosed below.

Key management personnel

There are no related party transactions to report in the period to 31 March 2024 for key personnel. Details of the SSRO's key management personnel can be found in the Remuneration Report.

Ministry of Defence (MOD)

The SSRO is a Non-Departmental Public Body sponsored by the MOD. During the year, the SSRO received grant in aid from the MOD of £6,512,000 (2022/23: £6,206,000). The SSRO participated in a secondment with the MOD during the year, for which it paid £111,000 (2022/23: £89,000).

There was nothing payable by the SSRO as at 31 March 2024 (2022/23: £5,000).

Other government departments

Government Actuaries Department (GAD): during the year, the SSRO was invoiced £221,000 by GAD for services it received (2022/23: £455,000). There was nothing payable to GAD as at 31 March 2024 (2022/23: £5,000). These payments were due under the Memorandum of Terms of Occupation (MOTO) agreed with GAD as head leaseholder of the SSRO's accommodation.

Government Property Agency (GPA): the SSRO received a total of £174,000 in 2023/24 by GPA as part of its accommodation agreements with them (2022/23: £190,000). There were no amounts outstanding to the SSRO as at 31 March 2024 (2022/23: £45,000). The SSRO also paid GPA £233,000 for services in year (2022/23: £122,000). There was £3,000 payable to GPA as at 31 March 2024 (2022/23: £12,000).

During the year, the SSRO also received services from the Cabinet Office which were below £1,000.

Note 20: Events occurring after the end of the reporting year

The SSRO's financial statements are laid before the Houses of Parliament by the MOD. International Accounting Standard 10 (IAS 10) requires the SSRO to disclose the date on which the certified accounts are approved by the Accounting Officer.

These accounts will be authorised for issue by the Accounting Officer on the same date as the C&AG's Audit Certificate.

Appendix 1: Accounts Direction

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR DEFENCE IN ACCORDANCE WITH SCHEDULE 4, 12(2) OF THE DEFENCE REFORM ACT 2014

1. This direction applies to the Single Source Regulations Office (SSRO).
2. The SSRO shall prepare accounts in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (the FReM) issued by HM Treasury which is in force for the financial year for which the accounts are being prepared. The accounts shall also comply with any additional disclosure or other requirements which have been agreed with the Department or are mandated by relevant UK legislation (for example The Companies Act) or are issued by HM Treasury or the Cabinet Office.
3. The accounts shall be prepared so as to:
 - a) give a true and fair view of the state of affairs as at 31st March each year and of the net operating costs, recognised gains and losses and cash flows for the financial year then ended; and
 - b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
5. Annual Accounts shall be published for the reporting Year ending 31 March 2015 and subsequent financial years, and laid before the House of Commons in accordance with the Parliamentary reporting timetable for the year to which they relate.
6. In addition, SSRO shall operate governance arrangements sufficient to ensure all income and expenditure conforms with the rules on regularity and propriety set out in Managing Public Money.



DAVID WILLIAMS
DIRECTOR GENERAL FINANCE

