








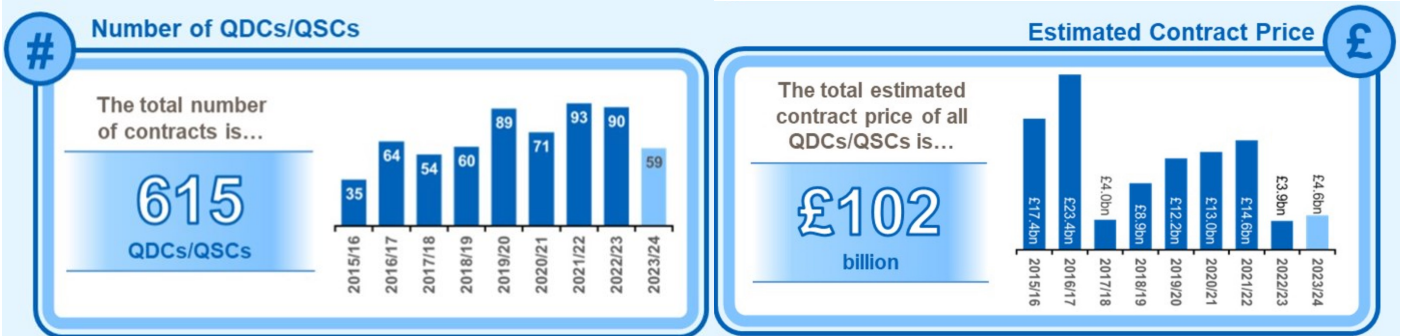
The SSRO is the UK's regulator of defence contracts that are awarded without competition. We are sponsored by the Ministry of Defence, but independent in our operation and our decision making.

We are in a unique position, supporting both the MOD and defence industry, and have a range of tools that help to improve the speed and effectiveness of defence procurement. Through our seven functions, we help to ensure that good value for money is obtained for defence contracts awarded without competition, and that the defence industry receives a fair and reasonable price. Our functions are:

<p>1. Profit Rate</p> 	<ul style="list-style-type: none"> We recommend to the Secretary of State the starting “baseline” profit rate and other rates that can be applied to non-competitive defence contracts. We make an annual recommendation, which (with our pricing guidance) helps the parties agree fair and reasonable contract prices and achieve VFM. 	Link to more info
<p>2. Settling issues</p> 	<ul style="list-style-type: none"> We help to speed up procurement by settling disputes and resolving contract-specific queries between the MOD and industry. We consider issues that are formally referred to us, but also provide informal advice. We engage both the MOD and industry in discussions about the regulatory framework, and advise on how it should be applied to contracts. 	Link to more info
<p>3. Valuable data</p> 	<ul style="list-style-type: none"> We collect and hold valuable data from the defence industry about their contracts, in our Defence Contracts Analysis and Reporting System (DefCARS). The data includes (for example) actual and projected costs and profit, contract requirements, payments, overheads and strategic capacity. This provides valuable standardised comparable data that helps the MOD negotiate and manage contracts, and manage suppliers at a portfolio level. 	Link to more info
<p>4. Analysing our data</p> 	<ul style="list-style-type: none"> We analyse data and provide insights to support the Secretary of State and the MOD. We provide an accessible suite of Management Information that allows MOD users to interrogate our DefCARS data for commercial insight. 	Link to more info
<p>5. Review framework</p> 	<ul style="list-style-type: none"> We keep the regulatory framework under review and consider how it can support the achievement of better outcomes in defence procurement. We recommend improvements to the Secretary of State. 	Link to more info
<p>6. Clear guidance</p> 	<ul style="list-style-type: none"> We publish guidance on what “Allowable Costs” can be claimed in contracts awarded without competition, and what profit rates can be applied. We work with our stakeholders to develop guidance in new areas they identify, and provide support on the ground to help them understand and apply it. We provide a helpdesk, onboarding and detailed support on contract-specific queries. 	Link to more info
<p>7. Monitoring compliance</p> 	<ul style="list-style-type: none"> We review how transparency requirements are being complied with by the defence industry. Accurate contract reporting helps to support better defence procurement. 	Link to more info

The regulatory framework

The single source regulatory framework places controls on the pricing of defence contracts that are awarded without competition. The contracts we regulate (Qualifying Defence Contracts and Qualifying Sub-Contracts, or QDCs and QSCs) equal roughly half of all defence spending on equipment and support each year (£102 billion under the framework since 2015) and provide some of the largest and most strategically important UK defence capabilities.



The SSRO supports the Government in delivering the optimal operation of the regulatory framework, ensuring a strong defence sector. We have six strategic objectives:

- **Objective 1:** Maintain a pricing system that supports value for money and fair prices
- **Objective 2:** Support a well-functioning regulatory framework
- **Objective 3:** Promote the utilisation of DefCARS data and insights
- **Objective 4:** Engage with our stakeholders
- **Objective 5:** A skilled, agile and engaged SSRO team
- **Objective 6:** Operate an efficient and effective organisation

We have four areas of strategic focus, which we are incorporating into our work and engagement:

<p>Relevant</p> <ul style="list-style-type: none"> • We provide insights, guidance and information that is useful to industry and the MOD and contributes to meaningful improvements in defence procurement. • Our aspiration is for the SSRO to be a thought-leader, working collaboratively with others on focused, time-limited work that would help all to respond to the major challenges in defence procurement. 	<p>Visible</p> <ul style="list-style-type: none"> • We focus on engagement at all levels with MOD and industry. • We are visible on the ground, providing enhanced support on contract-specific queries and encouraging MOD users to exploit the data in DefCARS. • We have a wide communications approach, to increase the impact and reach of our work.
<p>Accessible</p> <ul style="list-style-type: none"> • Our services, including our helpdesk and training offer, are easy to engage with. • Our pricing and reporting guidance are straightforward to use, and the support we provide to stakeholders is accessible. 	<p>Trusted</p> <ul style="list-style-type: none"> • Through our workforce planning, we are building a skilled, agile and engaged team with commercial understanding and experience. • Through all of our functions, we bring to bear our skills, knowledge and experience.

If you would like to discuss the work of the SSRO, please contact our Chief Executive, John Russell:

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