



SSRO

Single Source
Regulations Office

CORPORATE PLAN

2025-2026

Chair and Chief Executive's foreword

It is an era of increasing geo-political change and instability, and in response the Government has committed to spend 2.6 per cent of GDP on defence by 2027/28. This increased expenditure places an ever-greater focus on ensuring value for money from the procurement and management of defence capabilities, as well as speed and efficiency in their delivery. Strong, collaborative relationships with defence contractors – small and large alike – will support their success and stimulate wider growth for the economy. The single source regulatory framework must play the most effective role it can in supporting these objectives.

Through its engagement with the Strategic Defence Review (SDR) and Defence Industrial Strategy (DIS), the SSRO has sought to contribute to the conversation about how to respond to the current external environment. This Corporate Plan sets out how we will continue to engage with the Government and defence industry during the development and implementation of these reviews and the review of the single source regulatory framework. In so doing, the SSRO will be mindful of its two statutory aims – value for money and fair and reasonable prices - as well as increasing the pace and simplicity of single source procurement. We stand ready to support and implement the changes resulting from the Government's reviews.

In our last Corporate Plan, we set four areas of strategic focus for the SSRO. Throughout the last year we have worked towards them, and will continue to do so:

- **Relevant:** we have provided insights, guidance and information that is useful to industry and the MOD and contributes to meaningful improvements in defence procurement. This year, we developed and published new guidance on the Final Price Adjustment, updated our pricing and reporting guidance in response to changes brought about by the Procurement Act, and undertook several pieces of focused, time-bound thought leadership work, including our input to the SDR and DIS.
- **Visible:** we have focused on engagement at all levels with industry, the MOD and across Government and have been visible on the ground, providing enhanced support. Our Non-Referral Advice Service is being used extensively by both the MOD and defence contractors seeking help to apply the regulatory framework to current and proposed contracts. We have responded to requests for advice on, for example, allowable costs, profit rate steps, the final price adjustment and use of the alternative pricing methods.
- **Accessible:** our services, including our helpdesk and training offer, are increasingly accessible and well regarded. We have enhanced our communications approach, increasing the impact and reach of our work. We will continue this year to investigate new ways of disseminating support and guidance through a programme of guidance optimisation and will keep our pricing and reporting guidance under review.
- **Trusted:** through all of our functions, we seek to bring our skills, knowledge, and experience to bear. Each year, for example, we provide the Secretary of State with our assessment of the appropriate baseline profit rate and capital servicing rates, using an established methodology that benchmarks the actual profits of companies engaged in activities comparable to those that enable the performance of qualifying defence contracts. The Secretary of State has accepted our recommendation.

While continuing to deliver on the fulfilment of our statutory functions, our Board is keen to explore areas where the SSRO can exploit its agility and provide a broader role in supporting fast-paced and efficient single source defence procurement. In doing so, we are mindful that the SSRO must remain operationally independent, impartially considering the views of our stakeholders.

Activities for 2025/26

The SSRO's Corporate Plan 2025-26 identifies the strategic priorities and projects we will pursue to deliver our statutory functions. As well as setting out the multi-year projects and annual activities that we will continue to deliver, it also sets out several new activities. All activities in this plan will be delivered efficiently and effectively.

New activities

- We will play an active and independent role in supporting the development and successful implementation of the MOD's Defence Industrial Strategy and Strategic Defence Review. Through this work, we will advocate for an optimised regulatory framework with: stronger guiderails to ensure fast-paced contract delivery; the right balance between risk and reward; and reduced regulatory burden on all defence contractors, particularly for new entrants and SMEs as well as support wider economic growth. This will be the main focus of our work in the first year of the Plan.
- We will work closely and proactively with the MOD and defence contractors on the development and implementation of the review of the single source regulatory framework, referred to by the Chancellor in March 2025. In contributing to the DIS, SDR and the review of the framework, we will work with the MOD and industry in considering the pricing mechanisms within the framework
- We will work towards a transformation of reporting, with the ultimate aim of updating the Defence Contracts Analysis and Reporting System (DefCARS) interface with a solution that improves user experience, increases accessibility and utility, and takes advantage of advances in technology and improvements in security.
- We will continue our programme of guidance optimisation and will investigate new ways of disseminating guidance and support, including through a new website platform.

Changes of approach to existing activities

- We will work with our stakeholders to improve our overall offer of engagement and support to the primary users of the regulatory framework.
- We will assess the potential to report our annual statistics and compliance information in a more impactful way, which provides insights into how the regime is operating and the extent of compliance with the regulations.
- We will update our guidance on pricing contracts to include new guidance on pricing contract amendments, and will consider whether other enhancements can be made to the guidance.
- We will review the implementation of our compliance methodology, potentially moving towards a more data-driven approach that leverages available MI, rather than requiring a manual review of all reports by the SSRO.

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. 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:

Contract Profit Rate	We recommend to the Secretary of State the appropriate “baseline” profit rate and capital servicing rates for use in calculating contract profit 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 value for money.
Referrals	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. These can result in legally binding changes to contract price, even after the contract has been signed.
Guidance	We publish guidance on how to determine the price of qualifying defence contracts, including on what “Allowable Costs” can be claimed and what profit rates can be applied; and separately on how contractors can meet transparency requirements through our reporting guidance. We work with our stakeholders to develop guidance on the application or interpretation of the framework 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.
Records	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.
Analysis	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.
Review	We keep the operation of the regulatory framework under review and make recommendations for improvements to the Secretary of State.
Compliance	We review how transparency requirements are being complied with by the defence industry. Accurate contract reporting provides better quality data to support defence procurement.

Objective 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 is crucial in enabling the MOD and industry to price contracts in the regulatory framework with certainty and sets clear criteria to be used by contracting parties in ensuring that prices are fair and reasonable.

Activities

1. We will provide the Secretary of State with annual assessments of the appropriate baseline profit rate and capital servicing rates. Our approach will continue to follow the SSRO's methodology, benchmarking the actual profits of companies engaged in activities comparable to those that enable the performance of qualifying defence contracts.
2. We will keep the methodology for calculating profit rates under review, to ensure it remains aligned with legislation, latest evidence and best practice. We remain flexible and will consider any necessary changes (alongside the outstanding issues from our last consultation) before the next company refresh in 2025.
3. Using our power to issue guidance on the application or interpretation of the regulatory framework, we will update our guidance on pricing contracts to include new guidance on pricing contract amendments in 2025/26. We will continue to keep our existing guidance under review, drawing on the views of our stakeholders, to ensure that it remains relevant, accessible and straightforward to use. If necessary, we will develop guidance on key areas highlighted through our support and other functions during the life of this Plan, including for example on the treatment of indemnities.
4. We will work with the MOD and industry in considering how any relevant outputs from the SDR and DIS will be reflected in the pricing mechanisms within the framework.

SSRO key performance indicators and regulatory framework indicators*

A	Annual assessment of the baseline profit and capital servicing rates is submitted to the Secretary of State by 31 January AND accepted by the Secretary of State without change
B	Median agreed contract profit rates are within 2.0 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment) AND median actual profit rates are within 5.0 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment)*
C	SSRO publishes guidance on contract amendments within the period of the 2025-28 Corporate Plan

Objective 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 will be 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.

Activities

1. We will give opinions and make determinations on matters referred to the SSRO concerning the regulatory framework, with efficient management and delivery.
2. We will continue to deliver and develop our Non-Referral Advice Service, through which we provide quick responses to complex queries about the regulatory framework and how it applies to qualifying contracts. Stakeholders are increasingly using this service, and so we will ensure there is sufficient resourcing to support this expansion.
3. We will provide high quality support to the MOD and industry through our helpdesk, website, on-boarding meetings, and training. We will enhance our helpdesk services, engaging effectively and regularly with stakeholders to better understand ways to make the regulatory framework and our role as accessible and effective as possible.
4. We will encourage consideration of meaningful improvements to the framework, in alignment with our statutory aim of ensuring value for money for the taxpayer and fair and reasonable prices for contractors through the exercise of our functions. We will work closely and participate fully and proactively with the MOD and other stakeholders on the development and implementation of any review of the regulatory framework. Improvements should also increase the pace of single source procurement, stimulate economic growth and make it easier for new entrants and SMEs to access and work within the regulatory framework.

SSRO key performance indicators and regulatory framework indicators*

A	Increase in requests for non-referral advice in the year*
B	Proportion of responses to questions raised with the SSRO provided within target timeframes (target: 95% of query responses within target timeframes)
C	SSRO input provided to a review of the regulatory framework, in line with statutory deadlines

Objective 3: Support the reporting of transparency data, and promote its utilisation

DefCARS is our tool for securely and efficiently capturing, storing and facilitating the use of information provided by defence contractors. The SSRO analyses and provides insights from the data to support the MOD, and our compliance and data utilisation work promotes the importance of good data quality.

Activities

1. We will provide an Analysis and MI Service to the MOD, building off their recent user feedback results and our stakeholder survey, to improve the MOD's utilisation of DefCARS data in negotiating and managing contracts. We will continue to develop and maintain our secure MI reporting suite, which gives MOD users the ability to aggregate and compare contractors' latest estimates with actual and forecasts, across costs, price and profit, for multiple QDCs and QSCs, to inform the MOD's strategic choices and project/programme delivery. We will continue to report on overall QDC/QSC statistics. We will work with the MOD in enhancing the governance for its use of DefCARS data. We will respond to MOD requests for information and analysis by providing high quality, timely responses. We will consider a wide range of options for future development of the service, including a move towards focusing support on a smaller number of the most significant contracts.
2. We will provide a Reporting Service for industry to enable defence contractors to submit timely and good quality information. This encompasses the training we provide, our reporting guidance, our compliance work, as well as including the operation and maintenance of DefCARS as our primary tool for securely collecting, storing, and facilitating the use of the information submitted in contractors' reports. We will keep our reporting guidance under review, to ensure it reflects DefCARS developments and changes to legislation. We will respond to changes to reporting requirements by updating DefCARS and our guidance and considering the need to provide digital training and support, in response to stakeholder feedback. The updated guidance will be accessible and straightforward to use.
3. We will undertake a Reporting Transformation Project, subject to funding from the MOD, working to replace the DefCARS interface and the database behind it with a solution that improves the user experience, increases accessibility and utility and takes advantage of advances in technology, including AI where possible. This will reflect the prioritisation of changes to accommodate the recent update to the legislation, particularly componentisation. We will retire the existing WebApp when this transformation project is complete.
4. We will review our compliance methodology, moving toward a data-driven approach that leverages available MI, rather than a manual review of all reports. We will undertake compliance reviews of submitted reports on a sample basis, while also undertaking more in-depth Targeted Reviews and Thematic Reviews, which consider areas of interest that are highlighted by other SSRO projects. We will produce a summary compliance bulletin, with key compliance information that recognises the SSRO's focus on creating a more meaningful dataset and supports improvements in the quality of data reported by contractors.

SSRO key performance indicators and regulatory framework indicators*

A	Increase in MOD use of Power BI reports in our DefCARS MI reporting suite by 5% per annum*
B	% of Section 36/37 requests for analysis responded to within the agreed initial timescales (target: 95%)
C	% of reports that are submitted on time (target >75%) AND % of reports that remain with reporting issues outstanding one month following the end of the twelve-month reporting period(target <5%)

Enabling objectives

Delivery of our three core regulatory objectives is supported by the successful achievement of our three enabling objectives. These are engaging with our stakeholders, developing the SSRO team, and operating efficiently and effectively.

Objective 4: Engaging with our stakeholders

Activities

1. We will use the results of the stakeholder survey to improve delivery of our statutory functions, maintaining a proactive programme of stakeholder engagement to underpin delivery of these functions and support the primary users of the regulatory framework.
2. We will work with our stakeholders to improve our overall offer of support, engagement and communication to the primary users of the regulatory framework, guided by their key issues and concerns. We will look for opportunities to collaborate with stakeholders and will regularly seek their views to understand how we are performing and to improve further our services. We will be visible, developing a clear and coordinated offer of engagement.
3. We will engage with other regulators and relevant organisations, in the UK and internationally, and given the single source regulatory framework can now apply to contracts beyond those that are exclusively for defence purposes, we will work across other parts of Government as appropriate.

SSRO key performance indicators and regulatory framework indicators*

A	Users satisfied with responses to questions raised with the SSRO (target: 90 per cent)
B	Percentage of stakeholders who agree that the SSRO's pricing guidance is clear, applicable, and useful in agreeing contract prices that support VFM and fair & reasonable prices (target: 75%).

Objective 5: A skilled, agile and engaged SSRO team

Activities

1. We will continue to develop our Workforce Strategy to ensure that the SSRO remains an excellent place to work, evolving our capabilities and resources, building towards our objective of a skilled, agile, and engaged team. We will build trust in the SSRO through the skills, knowledge and experience we bring to bear. We will support our staff in their professional development and enable them both to progress their careers and deliver the SSRO's objectives and vision. We will continue to implement the SSRO Commercial Training Pathway, utilising the Defence Learning Environment and other sources. We will arrange short placements at the MOD and industry for our staff, to enhance and maintain understanding of commercial practices and their practical application.
2. We will continue to recruit staff with the right experience, skills, and knowledge, drawing expertise from a range of relevant professional domains. We will target commercial skills, to add to our skill base and to reflect the changing needs of our stakeholders, specifically targeting those with knowledge of contracting and contract negotiations, and through other means where recruitment is not possible such as with panel members.
3. We will continue to implement our Equality Scheme to embed diversity and inclusivity for all staff. We want our staff to be motivated and actively engaged in the SSRO's work and to consider us a good employer that supports and values people and treats them fairly. We are committed to the SSRO's values.

Key performance indicators

A	Employee survey shows staff are engaged (target: 70%)
B	Number of staff who have undertaken a short-term secondment (target: 10) (<i>As set out in the Workforce Strategy</i>)
C	Members of the Operations team to undertake 'Commercial Pathway' training on the Defence Learning Environment supported by the MOD (target: 90%) (<i>As set out in the Workforce Strategy</i>)

Objective 6: Operate an efficient and effective organisation

Activities

1. The SSRO's finances and financial procedures will continue to be managed effectively, and in compliance with the explicit controls and limits set by the Government. We will use the right resources to ensure value for money in the way we deliver our current work programme, with a continued focus on efficiency and best use of public money. The SSRO's procurement policies will be applied effectively. We will continue to ensure that we use public funds efficiently and effectively, through a range of measures including streamlining our governance, reviewing service requirements and pre-market testing before re-procuring contracts, reviewing staff resource and any requirements to fill vacancies. We will ensure unqualified set of accounts are produced within the set deadlines to the latest accounting standards.
2. Our governance will follow best practice and help our leadership to deliver its vision. We will continue to rationalise our processes and procedures (within the legal constraints we operate under) to ensure they are proportionate to an organisation of our size with responsibilities delegated to those best placed to manage them.
3. We will provide a modern, stable, and secure IT and information management platform with all associated tools and supporting services. We will develop a new website platform that supports multi-media. The security of our IT systems will be of the highest quality and remain up to date in response to the evolving threat landscape. Changes to our digital systems and processes will be implemented effectively and efficiently to drive productivity and support our people.
4. We will explore the use of AI in order to optimise operations, enhance customer service and support data-driven decision making in a secure manner.

SSRO key performance indicators and regulatory framework indicators*

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| A | SSRO has managed its financial expenditure to within 2% of corporate budget, without exceeding Grant-in-Aid limit |
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Finance, alternative scenarios and risk factors

The MOD has allocated the SSRO Grant in Aid of £6.868 million to fund its activities in 2025/26 in relation to the SSRO's objectives.

The SSRO's costs are stable and recurring with 94 per cent of the budget committed to existing contracts and staff costs. The budget reflects anticipated efficiencies, known contractual changes and inflationary pressures. Our resources are flexibly and efficiently organised through matrix management to meet our objectives and make revisions in response to emerging priorities.

The SSRO's corporate support is partially procured through government framework contracts (IT managed services) or outsourced (payroll and finance) with adoption of an agile approach to the procurement and delivery of support functions, as well as expert support on regulatory matters.

The SSRO always seeks to ensure the most effective and efficient use of public funds. We seek to identify efficiencies when re-procuring contracts by reviewing and competing service requirements where appropriate. We will liaise with the MOD as part of the annual cycle of funding approval and discuss the impact of and manage the risks associated with changed workload volumes or new requirements on our budget. If additional funding is required, this will be sought through individual business cases in-year, during the life of this plan.

Risk management is an integral part of the SSRO's internal control framework. As set out in the SSRO's risk management policy, responsibilities fall as follows:

- The SSRO Board puts in place effective arrangements to provide assurance on risk management, governance, and internal control.
- The Audit and Risk Assurance Committee supports the Board, providing the SSRO's assessment and management of risk, reporting to the Board its views 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 and maintained by the Senior Leadership Team and reviewed regularly by the Audit and Risk Assurance Committee.

These risks are reflected in how we plan and prioritise our work. The significant risks that may impact on the delivery of our Plan are:

- **The SSRO does not engage effectively, or in a timely way, with those shaping the regime.** The external environment is in flux, with several ongoing defence reviews and potential reforms currently under way. There is a risk that, should the SSRO not engage effectively, currently unknown new priorities will prevent the SSRO from delivering all activities in this Plan.
- **The SSRO suffers an IT security or information breach, or key systems including DefCARS are unavailable to users.** There is an increased threat from a range of targeted campaigns by cyber actors. The attacks are aimed at targets in specified sectors, including government organisations. As the SSRO collects data which can be commercially sensitive, it is important that our information systems are robust in response to any cyber-attacks.

SSRO's budget for 2025/26

	£,000
Running costs	
Staff	5,172
Staff related	205
Accommodation	219
IT costs	672
Legal & professional	104
Other costs	387
Total running costs	6,760
One-off costs	
Regulatory database	108
Total one-off costs	108
Total budget	6,868

Summary of performance in 2024/25		2024/25 Performance
1A	Annual assessment of the baseline profit and capital servicing rates is submitted to the Secretary of State by 31 January AND accepted by the Secretary of State without change	Met
1B	Median agreed contract profit rates are within 2.0 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment) AND median actual profit rates are within 5.0 pp of Baseline Profit Rate (pre-Capital Servicing Adjustment)	0.03 0.66
1C	SSRO publishes guidance on the Final Price Adjustment and contract amendments within period of 2024-27 Corporate Plan	Met
2A	Increase in requests for non-referral advice in the year by the MOD or contractor	19
2B	Proportion of responses to questions raised with SSRO provided within target timeframes (target: 95% of query responses within target timeframes)	100%
2C	New pricing and reporting guidance published in time to support the implementation of changes arising from Schedule 10 of the Procurement Act (target: Autumn 2024)	Met
3A	Increase in MOD use of Power BI reports in our DefCARS MI reporting suite	34%
3B	% of Section 36/37 requests for analysis responded to within the agreed initial timescales (target: 95%)	100%
3C	% of reports submitted by contractors that are complete and meet the requirements of the legislation at the first attempt (target: 75%) AND % of reports submitted on time (target: 75%)	71% 55%
4A	Users satisfied with SSRO responses to questions raised with SSRO (target: 90 per cent)	93%
4B	SSRO delivers at least two pieces of work providing thought-leadership during 2024/25 that are well received by stakeholders	6
4C	Percentage of stakeholders who agree that the SSRO's pricing guidance is clear, applicable, and useful in agreeing contract prices that support VFM and fair & reasonable prices (target: 75%)	82%
5A	Employee survey shows staff are engaged (target: 70%)	58%
5B	Number of staff who have undertaken a short term secondment (target: 5)	10
6A	SSRO has managed its financial expenditure to within 2% of corporate budget, without exceeding Grant-in-Aid limit	-3.2%