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Industry response 1 (Qinetiq)

Question 1: Do you have any concerns with aligning the compliance methodology to the wording in the SSRO's corporate plan 2025-26?

I agree it makes sense to align going forward (subject to the wording in the corporate plan itself being agreed as appropriate).

A concern regarding the KPI in respect of issues remaining outstanding is the speed at which MOD close down issues. A contractor may have appropriately responded to a query within an appropriate timescale but MOD may not get round to closing it out in DefCARS.

Question 2; Do you agree with how the SSRO intends to prioritise report reviews?

Seems appropriate, noting that it is probably initial reports and new contractors that generate most issues.

Question 3: Do you agree with the SSRO releasing any issues as-and-when they are noted, rather than waiting for possible MOD feedback?

Yes.

Question 4: Are there any other points regarding the compliance methodology you wish to raise?

No real issues with this other than the fundamental issue of the Regulations requiring far too much (and unnecessary) reporting (particularly in respect of components).

In respect of the consultation process itself, this could have benefited through linking the questions to the specific paragraphs in Appendix 1 (of the helpful document that summarises the key changes).

Industry response 2

- 1. Do you have any concerns with aligning the compliance methodology to the wording in the SSRO's corporate plan 2025-26?**

No.

- 2. Do you agree with how the SSRO intends to prioritise report reviews?**

See specific comments below.

- 3. Do you agree with the SSRO releasing any issues as-and-when they are noted, rather than waiting for possible MOD feedback?**

Yes.

- 4. Are there any other points regarding the compliance methodology you wish to raise?**

Section 2.2 - In isolation, KPI 2 could give a false reading of supplier performance. A supplier that has had no reporting issues until the very end of the 12-month reporting period, but the issue remains outstanding due to its complexity. By comparison, a different supplier could have a large number of reporting issues within the 12-month period, with several left unaddressed for many months but ensures none are outstanding beyond the one month after the 12-month period, to ensure the KPI is achieved.

Section 2.2 - KPI 2 does not provide the best measure of performance in relation to the management of reported issues. Outstanding issues should be included as a metric but would be more meaningful if supported by additional or alternative metrics which provide all parties with a more complete picture of performance, e.g. quantity of reporting issues, average time to address reporting issues.

Section 2.4 – we welcome the introduction of component completion reports into the compliance methodology but, in time, would ask this be extended to all component reports (e.g. component cost statements) given that these form a mandatory requirement of the regulatory framework.

Section 3.4 - the supporting data to the Compliance Bulletin provides details of whether submitted reports have been reviewed by MOD or SSRO. In the interests of transparency, will the SSRO be measuring and publishing the performance of both the SSRO and MOD to the 30-day target?

Section 3.4 - The statement that 'The SSRO does not currently apply review timescales to correction, component or supplier reports.' should be reconsidered to bring it in line with the contract reporting 30 days' timescale.

This is particularly sensitive on the correction reports, which are submitted in response to an issue having been raised by the SSRO or MOD.

The management and review of responses to issues should be prioritised by the SSRO, particularly as it forms part of the performance measure generated and supplied in the Management Information Reports, issued monthly.

Section 2.2 – what is the driver behind moving from reviewing all reports to reviewing a prescribed percentage? Is this directly linked to the increase in the number of reports being submitted, including component reports? If so, does this present an

opportunity for the SSRO to recommend legislative change given the additional burden being placed upon industry, the SSRO and the MoD following the introduction of componentisation in April 2024?

Section 3.9 - Whilst the SSRO categorises issues by 'reporting' or 'pricing' descriptions, there is no functionality within DefCARS to identify / determine how the issue has been categorised, nor is this information captured in any management information provided

Section 3.11 - Stating that pricing issues will not impact the KPIs appears contradictory to the mechanism of notification as shown in DefCARS whereby the issue remains identified against the relevant report.

Section 3.11 - In the event that a pricing issue raised by the SSRO, for review by MOD (where no action is required by the contractor) is not reviewed by the MOD, what implications does that have on the contractor, if the course of action undertaken by the SSRO is to close the issue after 6 months, as specified in the Section 6.8.

Section 6.8 - No response from MOD after 6 months will result in a negative impact on the quality assessment of the report. Any inefficiency or failure to adequately respond on MoD's part should not have any adverse impact on a contractor's score.

Industry response 3 (BAE Systems)

General Comments

BAE Systems do not have any objections to the SSRO publishing the below consultation response on the SSRO's website alongside any feedback on the changes which have been made following consultation.

Any comments below are in reference to the SSRO's Draft '*Compliance & Review Methodology January 2026*'.

BAE Systems supports the consultation response submitted by DSAG and the below response is complementary to highlight our specific comments.

Question 1. Do you have any concerns with aligning the compliance methodology to the wording in the SSRO's corporate plan 2025-26?

We are broadly supportive of the move to two key performance indicators of '% 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%)' in line with the SSRO's 2025-26 Corporate Plan.

However, we do have concerns about the characterisation of outstanding issues at the end of the compliance period. Not all 'issues' are likely to be true compliance issues. While the functionality exists for MoD to distinguish between clarification questions and compliance issues, we do not believe that this is adequately used by MoD staff to distinguish between the two, and even where in use, incorrect judgements are made about whether an issue truly represents a non-compliance. We therefore see a need for the SSRO to include a level of review and quality control over any issues that remain outstanding at the end of the compliance period that would therefore impact the KPI performance to ensure they are true compliance issues, otherwise the SSRO risks its Annual Compliance Bulletin misrepresenting how industry is performing its duties under the Regulations.

Furthermore Paragraph 2.5 of the draft compliance methodology states that '*In keeping under review the extent to which persons subject to reporting requirements are complying with them, the SSRO will also continue to consider wider metrics of data quality. This includes an analysis of 'correct first time' submissions*'. We would like to understand how the SSRO intends to use the 'correct first time' metric? Previously this has been used to compare and rank contractors' performance across industry. We do not believe ranking contractors' performance in this way drives the correct behaviours as it disregards whether a contractor then goes back to ensure reliable data is subsequently provided, or indeed how quickly any required corrections are made.

Paragraph 2.1 of the consultation paper suggests that the SSRO may adjust the 'issues outstanding' calculation to reflect issues that were raised very recently for which it is not reasonable to expect a response. We would also welcome further clarification regarding how such adjustments will be sentenced and believe this should be defined within the SSRO's Compliance Methodology itself.

Paragraph 2.3 of the proposed methodology states 'A reporting obligation will be identified as not being met for the purpose of indicator 2 if the SSRO or the MOD has raised an issue on a contract or supplier report submission and the contractor has failed to respond to the issue raised.' We believe this paragraph would benefit from clarification that outstanding issues which are sat with SSRO or MoD for resolution will not be included within the metric.

Question 2. Do you agree with how the SSRO intends to prioritise report reviews?

Paragraph 3.4 of the Draft Compliance Methodology has been amended to change the SSRO's review timescales from 15 working days following the MOD review (with up to 15 working days available for the MOD review) to just 30 working days. We appreciate this has been done to give more flexibility in when issues can be raised by the SSRO as in many cases MOD reviews are not happening (or not happening in a timely manner), which only results in a delay in contractors receiving feedback. We appreciate the intent, and we support the move to a 30-day timeframe.

The fact that the SSRO are required to make this amendment to account for delays in MoD reviews, or their total absence, highlights a wider issue around the use of reports by MoD. According to the SSRO's 2024/25 Annual Compliance Bulletin only 33% of all DefCARS reports were reviewed by the MoD. This supports industry's position that these reports are not being utilised by the MoD because they are not fit for purpose. This is against a backdrop of ever-increasing reporting requirements under the regulations (e.g. componentisation). The focus of the upcoming review of the regulations must be reporting simplification and reduction in the cost of compliance through efforts to create a reporting regime which is fit for purpose and value for money, in line with the aims set out through the recent SDSR and DIS publications. We would ask the SSRO to make representations to MOD as they shape their amendments to the legislation to support this aim.

Question 3. Do you agree with the SSRO releasing any issues as-and-when they are noted, rather than waiting for possible MOD feedback?

We are supportive of the SSRO making contractors aware of issues as-and-when they are noted.

Question 4. Are there any other points regarding the compliance methodology you wish to raise?

Paragraph 3.4 of the Draft Compliance Methodology is explicit in stating that only contract reports are reviewed routinely and that the 30-day review timescale does not apply to correction, component or supplier reports. We would seek to understand the underpinning logic as to why these report types do not have an associated review timescale. All report types are considered within the quality and timeliness metrics published by the SSRO and we believe all reports should be reviewed in a timely manner to ensure that they are meeting the required data standards under the regulations. As such we would expect all report types to have a review timescale indicated within the compliance methodology, although we appreciate this review timescale may not be the same for all report types.

Paragraph 3.12 of the Draft Compliance Methodology advises the SSRO will continue provide regular management information to contractors to allow them to understand the range and quantum of issues identified within submissions and that the SSRO will report these indicators as a twelve-month average as a proportion of report submissions in any compliance report. We believe any management information should simply be aligned to the SSROs Compliance Period to allow contractors to monitor compliance on a like-for-like basis and predict the annual result. We do not understand the reference to a twelve-month average in the compliance methodology?

The revised compliance methodology does not address a limitation which exists within the SSROs method of calculating its quality KPIs. Currently only reviewed reports are included in quality statistics of 'correct first time' and 'issues outstanding'. Given the proportion of

reports which may not have been reviewed at the end of the compliance period, the aforementioned delays in MoD reviews and that there is currently no timeframe for SSRO review of correction, supplier or component reports this has the potential to lead to a misleading metric which almost inevitably will exclude a material proportion of submitted reports. We would ask the SSRO to explore the option of quality metrics which can be automated from DefCARS checks (e.g. all data fields completed etc.) and can therefore be applied to the whole population of submitted reports.

Industry response 4 (DSAG)

Defence Single Source Advisory Group (DSAG) is pleased to provide the submission below in response to the Single Source Regulations Office consultation on compliance and review methodology. We trust this is of interest and will be happy to meet with the SSRO's team to discuss in more detail.

Specific questions:

1. Do you have any concerns with aligning the compliance methodology to the wording in the SSRO's corporate plan 2025-26?

We do not have any concerns about aligning wording to that included within the Corporate Plan.

However, we do have concerns with the new wording within the corporate plan and the proposed statistic itself.

Specifically, the purpose of the measure is to ensure the regime is well-functioning, but it only considers reports which have been reviewed by either the MOD or SSRO (or both). This would not be representative of the regime, as it is dependent on what is reviewed.

A fairer and complete measure would be one which reflects the full population, as mentioned in a previous paper to the SSRO (Compliance Meeting 09 April 2025: DSAG feedback). We would recommend reconsideration of that previously proposed, which whilst in line with that in the Corporate Plan, would be seen as fairer and more representative of the regime's functioning.

Further, there are issues outstanding for either clarification or compliance. We believe that only compliance issues should be reported, as many clarification issues are just that.

To report clarification issues would be to misrepresent contractors' compliance.

We note that the SSRO (para 2.5) will continue to use 'correct first time' data. Can the SSRO explain what they will do with this data? It is a very blunt measure therefore industry remain concerned by its continued use.

It would be helpful for readers if clarification were given to para 2.3, that is, where an issue resides with the MOD/SSRO for action, it will not be included in the metric.

2. Do you agree with how the SSRO intends to prioritise report reviews?

We appreciate the resource issue for the SSRO and understand and concur with the proposed approach to manually reviewing reports.

Whilst this is an eminently sensible approach, we do not see this as a fair way to assess whether the regime is well-functioning in terms of quality, as it is selective and could be seen as unfair. The quality measure, like timeliness, should be a measure of the full population. We recommend this is reconsidered and refer to the letter sent to SSRO in April 2025 for further details (attached below for completeness).

3. **Do you agree with the SSRO releasing any issues as-and-when they are noted, rather than waiting for possible MOD feedback?**

Yes we agree.

4. **Are there any other points regarding the compliance methodology you wish to raise? Yes, we have the following points we wish to raise for SSRO consideration and request a meeting to go through this response, prior to SSRO conclusions.**

- We do not see the measure for contract report performance should incorporate components. Regulations require component information and not component reports, the latter is the mechanism SSRO have introduced which goes beyond that required by statute, causing additional burden for contractors.
- We recommend as soon as a new report (be it for a contract or a QBU) is submitted, the previous report should be closed automatically, especially if no issues are raised. Where issues remain outstanding (regardless of whom raised by), SSRO should close each issue, sentencing based on information available at that point in time.
- It is not clear the basis upon which the quality issue would be applied, as para 2.1 (Consultation on compliance and review methodology 2025 paper) advises in the future it may be adjusted to allow for “ii. issues that were raised very recently for which it is not reasonable to expect a response;”

As previously raised with the SSRO, it is important to exclude queries raised within a certain period post submission, to eliminate such issues. We would recommend a period of 4 weeks post any submission (in line with regulation 21) as a suitable period to exclude, anything outside this period could be reflected in the statistic.

See proposed wording for para 2.2 – “*reports that remain with reporting issues outstanding one month following the end of the twelve-month reporting period.*” Using the example above, if the reporting period is the end of April, this will look at those reports only which have queries outstanding as at end of May? Will it take cognisance of when queries are raised, eg. exclude reports with queries raised within May or as a minimum reporting separately from the quality issue?

- o Utilisation of statutory reports by the MOD has been low since inception of the DRA, and despite initiatives from the centre to require their use it remains low. We believe that the SSRO in reviewing the functioning of the regime should consider the purpose of the reports, why the reports are not used by MOD and in what instances alternative reports are used. The output of this may enable the SSRO to make recommendations in the Review of Legislation as to the frequency and content of the reports.

Compliance Meeting 09 April 2025: DSAG feedback

Context

At the SSRO's Reporting and IT Group meeting the SSRO requested input, from contractors, on compliance KPIs.

The SSRO'S proposals explained an intent of:

1. Providing statistics that best describe the quality of the overall dataset within DefCARS.
2. If an action relates to improving quality, it should not negatively affect and indicator of quality.
3. "Performance" indicators should focus on what is within a particular party's control.

The SSRO presented options for developing the quality indicator:

- a) Expand SSRO description of quality to better describe review coverage in the SRO public reporting on data quality and compliance.
- b) Set review-based KPIs for the SSRO, for example. 10 targeted reviews on a particular area.
- c) Rely on "correct on subsequent submission" as a KPI for reporting entities.
- d) Exclude issues where the next action is not with the contractor.
- e) As a longer-term option allow more categorisation of issues, for example materiality.

DSAG Feedback

The DSAG have reservations that Options a, b, c and e will help the SSRO meet the objectives (#1-#3 above). Excluding issues where the next action is not with the contractor (Item d) would resolve a causal link between unfair penalisation of contractors for delay outside of their control. It is the DSAG's view that the three objectives can be more readily achieved in a simpler and less subjective manner and applied to the total population alongside specific measures. These are:

Key Performance Indicator	Criteria
On Time Submission	Remains unchanged
Right First Time	All fields have been completed, relevant attachments have been provided, and the system has accepted the report.

The advantage of this approach is that these measures can be consistently applied to the total population and contractor level, meeting Objective 1 and can be delivered systematically and in a timely manner that will not be impacted by issues raised close to cut off dates, which goes some way to meeting Objectives 2 and 3.