SSRO | Single Source Regulations Office

CORPORATE PLAN 2026/27

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Chair’s and Chief Executive’s foreword

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The SSRO’s Corporate Plan for 2026-27 sets a clear strategic focus for the SSRO in a changing environment.

Since the last Plan, we have delivered timely guidance (including on the Final Price Adjustment and pricing amendments), expanded our Non-Referral Advice Service, strengthened our outreach to the MOD and industry, and improved our SSRO Support service. We have also increased the practical use of DefCARS data by MOD teams through the roll-out of management information tools, supported by targeted briefings and webinars. The Secretary of State’s acceptance of our baseline profit rate recommendation demonstrates the MOD’s continued confidence in our analysis.

The Plan reflects the broader defence landscape. Geopolitical conditions remain uncertain and the MOD is responding in real time. The Review of the Single Source Contract Regulations (SSCRs) is considering reforms intended to strengthen the framework for pricing and reporting, with implications for guidance and data systems. Outcomes from the Strategic Defence Review, the Defence Industrial Strategy and Defence Investment Plan will guide capability choices and industrial development, which the regulatory framework will support through transparent and consistent application.

An ALB review of the SSRO is ongoing; we are engaging fully and will apply any recommendations to improve delivery. Given this, we may need to revisit and refresh the Plan during the year if the outcome of the review - or material changes in Defence priorities or the operating environment - requires it. The Plan therefore focuses on disciplined delivery in 2026/27, aligned to Defence priorities, and maintains the agility for us to integrate any confirmed changes while preserving our independence.

Our statutory functions remain at the centre of our work; and through their exercise we meet our statutory aims of securing value for money in single source defence contracting and fair, reasonable prices for suppliers.

We will continue to pursue our areas of strategic focus – being Relevant, Visible, Accessible, Trusted. For example, we will remain relevant by keeping pricing and reporting guidance current as legislative reforms are implemented; we will remain visible by engaging proactively with the MOD and industry and helping to implement changes resulting from the Review of the SSCRs; we will remain accessible by improving online guidance and sustaining our SSRO Support helpdesk and training; and we will remain trusted by delivering impartial rate assessments and strengthening data-driven compliance. We will also continue to bring strategic insight to the development and operation of the regulatory framework, drawing on our data, expertise and engagement to support better defence procurement outcomes.

The Plan sets out the golden thread that links our corporate objectives to Defence priority outcomes. This year, we have moved from an activity-based set of measures to a framework of Objectives and Key Results (OKRs), supported by a small number of reporting indicators. This reflects our view of what good performance will look like in future, and it sharpens our focus on the outcomes and priorities that matter most. The alignment will be reflected in our objectives, measures and reporting, which will contribute to the priorities in the Defence Industrial Strategy - especially transforming procurement and acquisition systems, backing UK-based businesses (including SMEs), and improving pace and simplification in single source procurement. We will maintain our independence and operational agility throughout, making impartial judgments while collaborating constructively with both the MOD and industry.

This Plan therefore concentrates on disciplined delivery, measured improvement, and responsive adaptation – supporting the regulatory framework for the benefit of taxpayers, the Government and defence industry in 2026/27.

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 in Government expenditure on qualifying defence contracts, and that the defence industry receives a fair and reasonable price under those contracts. 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 are applied to certain qualifying 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. These can result in legally binding determinations. We consider issues that are formally referred to us, but also provide informal advice on the application or interpretation of the regulatory framework.
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, training and detailed support on contract-specific queries.
Records	We collect and securely 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 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 the extent to which 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 to the MOD and industry is crucial in enabling contracting parties to price contracts with certainty in the regulatory framework.

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 against 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 legislative changes resulting from the Review of the SSCRs, latest evidence, best practice and stakeholder feedback. We will maintain flexibility in our approach.
3. We will review and update our pricing guidance, focusing on changes arising from the SSCR review and on areas highlighted through our support services. We will ensure our guidance remains relevant, accessible and straightforward to use, drawing on stakeholder views. We will complement our written guidance with explainer videos on our website, to help users apply it consistently.

SSRO Key Results (OKRs) — how we will measure success[1]

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 SSRO updates pricing guidance during 2026/27 to reflect any SSCR review changes that affect pricing.

Regulatory framework indicators[2]

C 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).

1 OKRs include a mix of measures: some are leading indicators (in year signals of delivery, such as timeliness and milestones) and some are lagging indicators (end state outcomes confirmed after the period).

2 We also include regulatory framework indicators to monitor the regulatory framework; these are not wholly within the SSRO's control and are intended for monitoring rather than intervention. They do not represent caps or targets but are indicators of trends within the framework.

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 continue to provide opinions and determinations on matters referred to the SSRO, with efficient and fast-paced management and delivery.
2. We will continue to deliver and develop our Non-Referral Advice Service, through which we provide responses to complex queries about the regulatory framework and how it applies to qualifying contracts. We will provide an effective service which is valued by our stakeholders.
3. We will enhance our helpdesk services, onboarding and training offers. We will engage effectively and regularly with stakeholders to improve the accessibility and effectiveness of our support services. We will also explore how AI-enabled tools can support faster, clearer signposting and responses through our support services.
4. We will work closely and participate fully and proactively with MOD and the defence industry on the development and implementation of the SSCR review. We will encourage simplification of the framework and a reduction of regulatory obligations, especially for SMEs and new entrants. Our work will support the implementation of reforms that incentivise productivity, innovation, pace and simplification. This will align with our two statutory aims and with the Defence Industrial Strategy priority outcomes, in particular: Transforming procurement and acquisition systems; Backing UK-based businesses; Forging new and enduring partnerships; Developing a resilient UK industrial base; and Positioning the UK at the leading edge of defence innovation.

SSRO Key Results (OKRs) — how we will measure success

A Proportion of responses to questions raised with SSRO provided within target timeframes (target: 95% of query responses within target timeframes).

B All agreed SSCR reviews are delivered to MOD by internal milestones.

C Percentage of advice rated as “clear and useful” by stakeholders (target: ≥90%).

Regulatory framework indicators

D Informal Query Resolution Rate – % of regulatory issues/questions addressed through non-referral advice without escalation to formal referral (target: ≥75%).

Objective 3: Improve reporting and utilisation of data to enhance decision-making

A key benefit of the regulatory framework is greater transparency, with defence contractors required to provide data about their contracts and about themselves. The SSRO analyses and provides insights from the data to support the MOD, and our guidance and compliance work promotes the importance of good data.

Activities

1. We will provide analysis and MI to the MOD, encouraging their utilisation of DefCARS data. 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. We will engage with MOD users and proactively promote this MI. We will respond to Section 36 and 37 requests by providing high quality, timely analysis that contributes towards the organisation's aspirations and objectives and will reflect potential greater ambitions for data analysis and exploitation coming from the MOD. We will evaluate and make appropriate use of AI-enabled tools to support our analysis and the production of management information. We will continue to report on overall QDC/QSC statistics.
2. We will keep our reporting guidance under review to reflect changes to legislation from the Review of the SSCRs and any DefCARS developments, and stakeholder feedback. The updated guidance will be accessible and straightforward to use.
3. In line with our compliance methodology, we will undertake a data-driven approach that creates and leverages available MI. 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 publish summary compliance statistics, focused on key compliance information.

SSRO Key Results (OKRs) — how we will measure success

A % of Section 36/37 requests for analysis responded to within the agreed initial timescales (target: 95%).

B SSRO updates reporting guidance during 2026/27 to reflect any SSCR review changes that affect reporting.

Regulatory framework indicators

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%).

D Increase in MOD use of Power BI reports in our DefCARS MI reporting suite (target 10% increase).

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 maintain a proactive programme of stakeholder engagement, in line with our published Stakeholder Engagement Strategy. Our engagement will underpin delivery of our statutory functions and the three regulatory objectives in this plan. We will be visible, developing a clear and coordinated offer of engagement and support to the major users of the regulatory framework.

2. We will assess the potential to utilise our annual statistics and compliance information in a more impactful way, by incorporating insights from them into an annual report on the single source landscape.

SSRO Key Results (OKRs) — how we will measure success

A	In each quarter, ≥90% of respondents will be satisfied with responses to questions raised with the SSRO.
B	Deliver at least 90% of ‘priority engagement actions’ in the Stakeholder Engagement Strategy by year end.
C	Stakeholder Influence/Collaboration – Number of formally recorded stakeholder suggestions or inputs that were incorporated into SSRO’s work (e.g. guidance updates).

Objective 5: A skilled, agile and engaged SSRO team

Activities

1. We will refresh our Workforce Strategy. It will consider changes such as longer placements at the MOD and industry for our staff, to enhance and maintain understanding of commercial practices. The aims of the refreshed Strategy will include: ensuring 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; building trust in the SSRO through the skills, knowledge and experience we bring to bear; supporting our staff in their professional development, enabling them both to progress their careers and deliver the SSRO's vision and objectives. We will also ensure that the refreshed Workforce Strategy responds to any relevant recommendations arising from the ALB Review of the SSRO. We will continue to implement the SSRO Commercial Training Pathway, utilising the Defence Learning Environment and other sources.
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 and digital skills, including from the wider Commercial function across Government. We will recruit effectively where needed to add to our skill base or look to access those skills through other means if recruitment is not possible.
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 consider us a good employer that supports and values people and treats them fairly. We are committed to the SSRO's values.

SSRO Key Results (OKRs) — how we will measure success

A Employee survey shows staff feel supported and empowered at work (target: 85 per cent).

B Employee survey shows staff feel engaged at work (target: 60 per cent).

C (As set out in the Workforce Strategy) Number of staff who have undertaken a short term placement in the reporting period (target: 10).

D At least 80% of staff complete foundation training in approved AI tools by performance year end.

Objective 6: Operate an efficient and effective organisation

Activities

1. Securely manage our IT and DefCARS services, ensuring efficient and effective operations, accelerating digital transformation and maintaining high standards of cyber resilience and system security.

2. Continue the multi-year DefCARS transformation project (subject to securing additional MOD funding). The reporting transformation project aims to modernise DefCARS and associated processes to ensure secure, efficient capture and use of statutory reports, improve data quality and interoperability, and enable better exploitation of data by the MOD for faster, evidence-based decisions. In taking this work forward, we will engage with the MOD's Corporate Services Modernisation Programme (CSM) and take account of any implications for the future commercial systems landscape, including how DefCARS should interface with, or align to, wider MOD corporate systems where appropriate, while maintaining flexibility in our DefCARS operating model so we can respond to change and protect the security and continuity of statutory reporting. We will also actively engage with the CSM Programme across the full range of corporate services relevant to the SSRO, and will continue the efficient use of secure Government managed office accommodation close to our major stakeholders, subject to consideration of the wider government programme on Places for Growth.

3. Manage the SSRO's finances and financial procedures effectively, and in compliance with the explicit controls and limits set by the Government. We will ensure sound financial management and procurement in a challenging funding environment, meeting efficiency targets and budget constraints. We will ensure an unqualified set of accounts is produced within the set deadlines to the latest accounting standards.

4. Our governance will follow best practice, and help our leadership to deliver its vision. We will respond effectively to the ALB Review of the SSRO. This will include engaging openly with the review, and implementing any recommendations that affect our governance, sponsorship arrangements or operating model.

5. We will explore and implement the ethical use of AI in order to support operations, enhance accessibility for our stakeholders and allow data-driven decision making.

SSRO Key Results (OKRs) — how we will measure success

A SSRO will manage its financial expenditure to within 2% of corporate budget, without exceeding Grant-in-Aid limit.

B Planned system uptime for DefCARS (target: ≥99.5%).

C Secure by Design - Maintain an average In-Service Secure by Design Maturity assessment of 3.

D Cybersecurity Compliance – Maintain Cyber Essentials Plus certification and zero critical security breaches.

E All staff provided with Microsoft 365 Copilot licences by performance year end.

Finance, alternative scenarios and risk factors

The MOD has allocated indicative funding for 2026/27 on a flat-cash planning basis. We have therefore prepared the Plan on the assumption of core funding at around the same level as in 2025/26, adjusted for inflation and the pay remit, with a small capital allocation for essential systems work. Our cost base is largely stable and recurring, with the majority committed to staff and contracted services. The budget reflects anticipated efficiencies, known contractual changes and inflationary pressures. We allocate resources dynamically, so that we can respond to changing circumstances and seek to protect delivery of our highest-priority work. However, reductions below the indicative funding level may create risks to delivery and would be likely to affect our ability to deliver all planned activity and may impact our ability to deliver our statutory functions efficiently and effectively.

Corporate support continues to be delivered through a mix of Government framework contracts (for IT managed services) and outsourced functions (such as payroll and finance). We will maintain an agile approach to the procurement and delivery of support services, and draw on specialist expertise where this provides value.

We will continue to seek the most effective and efficient use of public funds. At contract renewal points we will identify efficiencies, review specifications and, where appropriate, compete service requirements. In doing so, we will continue to engage with the MOD on Defence Reform and related change programmes, including the MOD's CSM Programme, to ensure our plans align with the evolving operating context and to identify opportunities for efficiency where appropriate. If additional funding is required for priority work - such as the DefCARS reporting transformation - we will bring forward individual in-year business cases. We aim to manage expenditure within ±2 per cent of budget without exceeding our grant-in-aid limit.

Risk management is an integral part of our internal control framework. The Board sets risk appetite and ensures effective arrangements for assurance on risk, governance and internal control. The Audit and Risk Assurance Committee provides oversight and challenge, reporting its views to the Board. The Chief Executive is responsible for the internal control framework, including risk processes and the Corporate Risk Register, which is maintained by the Senior Leadership Team and reviewed regularly.

The risks we face are reflected in how we plan and prioritise our work. For 2026/27, the principal risks and our approach to managing them are as follows.

- **Cyber and IT resilience.** As we hold sensitive commercial data, a security incident or system outage would be significant. We will maintain robust security controls, strengthen resilience of core systems, test our defences and operate clear incident response procedures. The reporting transformation work will further improve stability and maintainability, with interim fallbacks in place if systems are unavailable.

- **Funding and resources.** A flat cash planning assumption, inflationary pressures and potential efficiency requirements could constrain delivery. We will plan prudently, model expenditure reductions, and reprioritise to protect statutory duties and high impact activity. We will liaise early with our sponsor department on any pressures and bring forward business cases where essential investment is required. We will manage expenditure within tight tolerances and avoid overspend.

The Board and the Audit and Risk Assurance Committee will continue to review the risk register during the year, confirming that controls remain effective and adapting strategies where needed.

Summary of performance in 2025/26

	KPI	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	Pass
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)	0.30 0.64
1C	SSRO publishes guidance on contract amendments within the period of the 2025-28 Corporate Plan	On track
2A	Increase in requests for non-referral advice in the year by the MOD or contractor (target: 8)	30
2B	Proportion of responses to questions raised with the SSRO provided within target timeframes (target: 95% of query responses within target timeframes)	99%
2C	SSRO input provided to a review of the regulatory framework, in line with statutory deadlines	Met
3A	Increase in MOD use of Power BI reports in our DefCARS MI reporting suite by 5% per annum	43%
3B	% of Section 36/37 requests for analysis responded to within the agreed initial timescales (target: 95%)	100%
3C	% 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%)	66% 3%
4A	Users satisfied with responses to questions raised with the SSRO (target: 90 per cent)	93%
4B	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%)	55%
5B	Number of staff who have undertaken a short-term secondment (target: 10) (As set out in the Workforce Strategy)	10
5C	Members of the Operations team to undertake 'Commercial Pathway' training on the Defence Learning Environment supported by the MOD (target: 90%) (As set out in the Workforce Strategy)	76%
6A	SSRO has managed its financial expenditure to within 2% of corporate budget, without exceeding Grant-in-Aid limit	1.00%