

October 2017

NEWSLETTER 10



Dear Stakeholder,

During these first ten months of my chairmanship, I have been fortunate to meet many of you working in the defence sector, and have really got to know how the single source procurement regime works.

Over the period I have met a range of stakeholders, both at the SSRO's offices in London and at sites across the UK.

Throughout my programme of engagement I have encountered real interest in the SSRO, and an appetite to provide feedback on what we do, and how we are doing it. I value this, and would like to thank all of you for being both welcoming and engaging.

I will be continuing to meet stakeholders in a full programme of engagement that lasts to Spring 2018 and beyond. I look forward to seeing many of you in the near future.

1 For an insight into the single source procurement regime, I can recommend our Annual Statistics Bulletin, which provides easily accessible and understandable key statistics relating to qualifying defence contracts (QDCs) and qualifying sub-contracts (QSCs).

Since its publication in June, we have also published a quarterly update on the key statistics.

2 The annual report on the operation of the regime was published earlier this month. Key messages from the report are that the timeliness of contractor reporting is generally good but there continues to be a need for contractors to focus on data quality. I'd recommend delving into this report.

3 The SSRO's and the regime's development will be set out in our next Corporate Plan, which we are now starting to develop and will reflect a strategic approach to the delivery of our functions over the period 2018 - 2021.

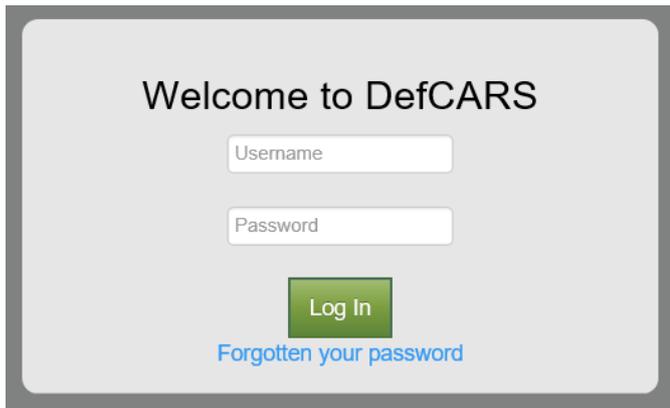
I am happy to say that Harriet Baldwin, the Minister of State for Defence Procurement, has confirmed on behalf of the Secretary of State, the appointment of two new Non-Executive Board Members to the SSRO Board. Mary Davies' and Peter Freeman's experience and expertise will further strengthen the Board and we welcome their appointment.



Finally, Marcine Waterman will be leaving the SSRO on 24 October 2017, after three years as Chief Executive. Marcine led the setting up and building of a very effective and important organisation and accomplished a great deal during her time as Chief Executive. I, the SSRO Board, and the SSRO staff thank Marcine for all that she has done.

George Jenkins

Defence Contracts Analysis and Reporting System



DefCARS and report completion training

The SSRO held a series of DefCARS and report completion training sessions to support industry during the adoption of the new system.

The sessions, which included system use and contract and supplier report completion training, were held in Stoke-on-Trent, London, Glasgow and Bristol. The SSRO is grateful to BAE Systems, Boeing and Synectics Solutions Ltd for hosting sessions.

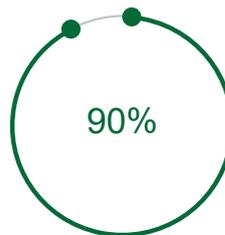
Over 90 industry representatives from 26 organisations signed up to the sessions and feedback indicated that 90 per cent of attendees were satisfied or very satisfied with the training. The SSRO will continue to keep defence contractor training needs under review.

The SSRO's new Defence Contracts Analysis and Reporting System launched on time and budget in March 2017.

The new system replaced the previous pilot system, which had been in use since April 2015. The system has since seen significant use by defence contractor, MOD and SSRO users and successfully facilitated peak periods for report submissions for supplier reports and quarterly contract reports.

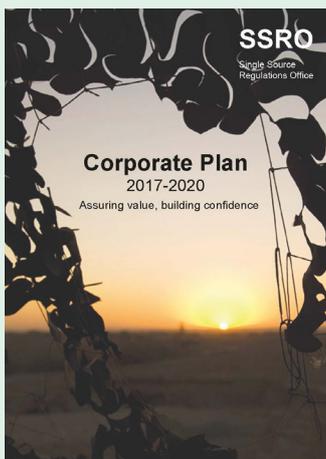


90 industry representatives, from 26 organisations



90 per cent of attendees were satisfied or very satisfied with DefCARS training.

Corporate Plan



The first years of the SSRO's operations have been characterised by our work to establish a new regulatory regime, including a methodology for determining a recommended baseline profit rate, publication of Allowable Costs and other statutory guidance, development of the DefCARS reporting system and undertaking our first review of the legislation.

We now expect the regime and the way we deliver our functions to develop and evolve incrementally over the next three to five years. As such we are now considering the strategic approach to the delivery of our statutory functions over that period and we have begun work on developing our Corporate Plan 2018 – 21.

Annual report on the operation of the regime

We recently published the [Annual report on the single source regime](#), which presents findings from our review of the operation of the single source regulatory framework, bringing together our work over the past two years relating to our duty to keep under review:

- the extent to which persons subject to the reporting requirements are complying with them; and
- the provisions of the regulatory framework established by the Defence Reform Act 2014 and the associated Regulations.

The report also provides an update on the factors we have identified as indicators of the impact and operation of the framework.

Key messages are that the timeliness of contractor reporting is generally good but there continues to be a need for contractors to focus on data quality.

Allowable Costs

Allowable Costs make up the majority of the contract price therefore it is important that the SSRO issues statutory guidance that is helpful to contractors and the MOD when they consider whether costs are Allowable.

In 2017, the SSRO decided to look at a small number of topics within the guidance and develop working papers to explore them in detail with stakeholders before proposing changes. Three working papers were issued in June and we received comments back from stakeholders in July.

We have also hosted three stakeholder workshops to receive input on our proposals. We issued these proposals on 2 October for [consultation](#) giving eight weeks for input before we finalise the guidance.

In another new approach we would like to issue the guidance two months ahead of when it applies, to give stakeholders the opportunity to consider how it impacts on them. This would also allow us to align the application of new Allowable Costs and profit rate adjustments guidance from 1 April 2018.

Cyber Essentials Plus certification and Secure Government Email assessment

Cyber Essentials is a Government-backed and industry supported scheme that provides businesses with clarity on good, basic cyber security practice. All suppliers must be compliant with the Cyber Essentials controls if bidding for government contracts that involve handling of sensitive and personal information or provision of certain IT products and services.



As part of the SSRO's commitment to information security, we first achieved Cyber Essentials certification in February 2016, achieving the extended and independently assessed Cyber Essentials Plus level of certification. The Plus level certification was renewed in March 2017 using a different independent assessor, and the renewal is now a permanent fixture in our annual security maintenance plan.

Securing government email is part of the National Cyber Security Centre's Active Cyber Defence programme and the SSRO implemented the recommended configuration early in 2017 and the SSRO domain has been added to the whitelist of secure government domains. Implementing the secure email standard is a cornerstone of our work to ensure we can communicate with our stakeholders securely, and safely exchange email with people in and outside of government.

Staff update

Over the first weekend of July staff members walked from London to Brighton and completed the gruelling 100-kilometre challenge over the course of 24 hours. Their superb effort raised £2,086 for the charity.

SSRO staff, under their own initiative, have undertaken fund raising events to support the charity Blind Veterans UK.



SSRO staff raised **£2,336** for Blind Veterans UK

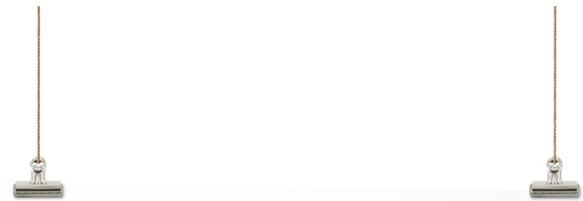
A number of staff also showcased their home baking skills in a lunchtime version of the 'Bake-Off', and earlier in the year held a Grand National sweepstake. These events raised £250.



We were very pleased to receive a lunchtime visit from the Blind Veterans UK charity on 29 March. A number of SSRO staff heard from Claire Hall, Razia Mestry and Simon Brown, who won the the [Soldiering On People's Choice Award](#) and spoke of his experiences.



Dates for the Diary



November

- Tuesday 14th - Quarterly qualifying defence contract statistics: Q2 2017/18
- Tuesday 21st - Senior Stakeholder Forum
- Friday 24th - Consultation on Allowable Costs guidance ends

December

- Monday 11th - Board meeting
- Tuesday 12th - Consultation on revised profit rate guidance and risk in Allowable Costs starts

January

- Tuesday 23rd - Board meeting
- Wednesday 31st - SSRO makes profit rate recommendation to Secretary of State