

Trading Forum Meeting – Held 30th April 2026 (11am)

Meeting notes:

- **Overview of the Single Source Regulatory Framework:** Colin Sharples and Ben Johnson from the Single Source Regulations Office (SSRO) provided a comprehensive overview of the single source regulatory framework, including its legislative background, scope, statutory aims, and the principles-based approach to regulation, with Andy, Peter, and Paul participating in the discussion.
 - **Legislative Background and Scope:** Colin Sharples explained that the single source regulatory framework was established in 2014 and applies to most single source or uncompleted MOD contracts above certain financial thresholds, with some exceptions such as international cooperative defence programs and national security exclusions.
 - **Statutory Aims and Principles:** Colin highlighted the two statutory aims: ensuring value for money for government spending and ensuring suppliers are paid fair and reasonable prices, emphasizing the framework's principles-based rather than rules-based approach.
 - **Functions and Guidance:** Colin described the SSRO's functions, including recommending contract profit rate calculation steps, providing informal and formal advice, monitoring compliance, and issuing guidance on allowable costs, profit rates, and alternative pricing methods.
 - **Support and Accessibility:** Colin noted the SSRO's commitment to accessibility, mentioning the helpdesk, onboarding and training sessions, and the development of guidance materials and quick start guides to support both MOD and suppliers.
- **Contract Pricing and Profit Rate Methodology:** Ben Johnson detailed the flexible approaches to contract pricing under the framework, including the default and alternative pricing methods, the four-step process for calculating contract profit rates, and the recent update to the baseline profit rate, with input from Andy and Colin.
 - **Default and Alternative Pricing Methods:** Ben explained that the framework allows for both default pricing methods (such as cost plus, fixed, and firm) and alternative methods (including commercial pricing), providing flexibility for different contract types and circumstances.
 - **Four-Step Profit Rate Calculation:** Ben described the four-step process for determining contract profit rates: starting with the baseline profit rate, applying cost risk adjustment, incentive adjustment, and capital servicing adjustment, with each step allowing for variation based on contract specifics.
 - **Baseline Profit Rate Update:** Ben announced that the baseline profit rate for 2026/27 is set at 9.1%, effective from 1 April 2026, and explained how this rate is determined using a methodology based on comparable company profits, with annual reviews and stakeholder consultation.
 - **Profit Rate Variability and Protections:** Ben emphasized that actual profit rates can vary depending on contract performance and risk, with mechanisms such as the final price adjustment in place to protect both contractors and the MOD from excessive profits or losses.
- **SSRO Support Services and Guidance Expansion:** Colin Sharples and Ben Johnson described the expansion of SSRO support services, including the Non-Referral Advice Service (NRAS), enhancements to the helpdesk, new guidance

materials, and ongoing improvements to accessibility and training for both MOD and suppliers.

- **Non-Referral Advice Service (NRAS):** Colin introduced the NRAS as a confidential, quicker alternative to formal referrals for advice on applying the framework, allowing parties to receive expert guidance within days and reducing friction in contract negotiations.
- **Helpdesk and Training:** Colin highlighted the helpdesk as the first point of contact for queries, with most issues resolved promptly, and described the onboarding and training sessions available to both new and existing framework users.
- **Guidance Materials and Website Improvements:** Colin and Ben discussed the development of new guidance documents, quick start guides, and the overhaul of the SSRO website to improve accessibility, including the addition of video content and FAQs based on common queries.
- **Expanded Guidance Powers:** Ben explained that the SSRO now has expanded powers to issue guidance on any aspect of the framework, with recent focus areas including final price adjustment and contract amendments, and ongoing public consultation to refine these materials.
- **Ongoing and Future Regulatory Review:** Colin Sharples and Ben Johnson addressed the ongoing MOD review of the regulatory framework, discussing potential changes to reporting obligations, incentivization mechanisms, and the incorporation of feedback from the Strategic Defence Review and Defence Industrial Strategy, with questions from Andy.
 - **Review Objectives and Areas of Focus:** Colin stated that the review aims to ensure reporting obligations remain proportionate and that collected data is useful for both MOD and contractors, with possible changes to supplier reporting requirements.
 - **Incentivization and Productivity:** Ben noted that incentivization and productivity are key interests in the review, with the framework already offering flexibility for commercial innovation such as profit share and gain share, and openness to further enhancements.
 - **Implementation and Communication:** Colin confirmed that the SSRO will support the MOD in implementing any changes resulting from the review, including updating guidance and providing training to explain new requirements.
- **Component Reporting and DEFCARS System Enhancements:** Colin Sharples and Ben Johnson responded to Amanda Davey's question about component reporting, explaining current challenges with the DEFCARS system, plans for system improvements, and recommendations for simplifying component reporting, with Andy and Amanda participating.
 - **Current System Limitations:** Colin explained that the DEFCARS system was adapted under time constraints to accommodate component reporting, resulting in some duplication of data entry, and acknowledged the need for further investment to streamline the process.
 - **Recommendations for Improvement:** Colin and Ben indicated that recommendations will be made to improve both the regulations and the DEFCARS system, aiming to make component reporting smoother and less burdensome for users.
 - **Guidance on Pricing Structure:** Ben advised that contractors and the MOD should consider how contract prices are constructed to avoid unnecessary

creation of components, as even minor differences in profit rates can trigger additional reporting requirements.

- **MOD Procurement Systems Updates and Supplier Support:** Steve Chivers from the MOD Commercial Systems team provided updates on CP&F and related procurement systems, discussed ongoing improvements to guidance and training, and addressed supplier questions regarding account management, interface issues, and documentation, with input from Jane, Tracey, Amanda, and Andy.
 - **System Updates and Guidance:** Steve reported on planned changes to the acquisition pipeline, ongoing review of CP&F guidance, and the publication of a simplified end-to-end document to help users understand system integration.
 - **Supplier Support and Issue Resolution:** Steve addressed questions about requesting new Exostar accounts, resolving interface issues, and the importance of including contract numbers in summary reports, offering to investigate and follow up on specific cases.
 - **Training and Best Practices:** Jane and Tracey raised the need for more advanced guidance and best practices for established suppliers, including timely order acceptance and payment processes, with Steve agreeing to consider additional training materials and communication.
 - **Authentication and Access Concerns:** Jane highlighted confusion around multi-factor authentication requirements for new users, suggesting clearer guidance to prevent unnecessary costs, and Steve agreed to consult with Exostar for clarification.

Follow-up tasks:

- **Distribution of Meeting Materials:** Send out the slides, recording, and presenters' contact details to all participants and relevant industry contacts. (Andy)
- **End-to-End Guidance Document Sharing:** Send the updated end-to-end guidance document and any additional materials to Andy for distribution to industry participants. (Steve)
- **ExoStar Account Creation Guidance:** Include links and instructions for requesting a new Exostar account in the chat and ensure this information is available in the distributed materials. (Steve)
- **Interface Issue Investigation:** Investigate the interface issue reported by Tracey regarding order processing and follow up with her after receiving order details and context. (Steve)
- **Summary Report Contract Number Enhancement:** Review the summary print report to assess the feasibility of including the contract number and consider updating the report accordingly. (Steve)
- **Access Star Guidance Page Update:** Assess the possibility of adding a link to the MOD end-to-end guidance document on the Exostar Guidance Page and implement if feasible. (Steve)
- **Supplier Guidance Improvement:** Develop and provide additional guidance or top tips for established suppliers on handling common issues, order acceptance timelines, and system usage best practices. (Steve)
- **Order Acceptance and Payment Process Training:** Review and reinforce training and instructions for MOD staff to ensure timely issuance of CP&F orders after contract signature, referencing Richard Marwood's letter as needed. (Andy, Steve)

- **Multi-Factor Authentication Clarification:** Clarify and communicate the requirements and options for multi-factor authentication in Exostar, especially for new suppliers, and coordinate with Exostar for accurate guidance. (Steve)