
**Single Source Regulations Office
Minutes of the 9th Board Meeting
Board Room, Finlaison House,
15-17 Furnival Street, London EC4A 1AB**

**18 May 2016
2.30pm to 5.30pm**

Board members present:

Clive Tucker (Interim Chair)
Jane Attwood
Marta Phillips
Neil Swift (Director of Corporate Resources)

Others present:

Justine Wharton (minutes)
Ian McPherson (Director of Compliance
and Investigations)
Matthew Rees (Director of Analysis and
Reporting)
Malcolm Botting (Head of Governance)
David Galpin (Head of Legal)
Simon Mahony (Chief Analyst)

1. Welcome, Apologies and Announcements

- 1.1. The Interim Chair welcomed Board members and colleagues to the 9th SSRO Board meeting. Apologies were received from Marcine Waterman, Chief Executive.

There were no declarations of interest.
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2. Minutes of Board meetings

- 2.1. The minutes of the 8th meeting of the Board were approved as a correct record.

3. Chief Executive's Report

- 3.1. Neil Swift, Director of Corporate Resources, presented the regular report to the Board on behalf of the Chief Executive. This report focused on significant issues for the Board to note that were not covered by papers elsewhere on the agenda.
- 3.2. Since the last Board meeting the SSRO had met several times with senior representatives from the MOD. The Interim Chair met with the Minister of State for Defence Procurement, Philip Dunne, on 10 May 2016, and provided an update on this meeting during the item. The Interim Chair and Chief Executive both met separately with Louise Tulett, DG Finance at the MOD, in April as part of a monthly meeting cycle. Following which Louise Tulett visited the SSRO offices on 21 April and had an opportunity to meet staff, be provided with a demonstration of our current work, and discussed opportunities for further contact between SSRO staff and MOD project teams including SSRO representation at the MOD finance conference.
- 3.3. The SSRO had also held several meetings with industry, in addition to those with parties to the determination. Senior SSRO staff had continued to visit contractor's facilities around the UK as part of the SSRO's ongoing stakeholder engagement. Following the issuing of the SSRO's consultation on the Single

- Source Costs Standards guidance on Allowable Costs, it hosted a workshop on 4 May with attendees from across industry and the MOD. The feedback from all attendees was very positive, and the outcomes would be considered, along with consultation responses, when finalising the updated statutory guidance. The SSRO would continue to host a series of workshops throughout 2016/17, to encourage discussion and industry input into its current priority work areas.
- 3.4. The SSRO had published updated versions of its report templates and user guides in April 2016. Following the Board's approval of the SSRO's Corporate Plan 2016-2019 at its meeting on 23 March 2016, the SSRO had published the document on its website on 24 March. The SSRO had published the final determination on 16 May.
 - 3.5. The Executive Committee, at its last meeting on 3 May 2016, approved a future analytical programme, which included a series of charts that would be published over the next few months.
 - 3.6. The SSRO's review of the single source regulatory framework had progressed in accordance with the timetable and methodology agreed by the Regulatory Review Committee. A call for input would be launched on 23 May, with responses asked for until 15 July 2016. An event would be held for a wide range of stakeholders on Wednesday 29 June 2016 to discuss the review and stimulate input.
 - 3.7. Interviews had taken place for the additional non-executive member positions on 29 March and 6 April. The Interim Chair provided an update on this matter during the meeting. On 3 May, the Executive Committee approved an updated stakeholder management strategy, which built on what the SSRO had achieved since July 2014. The Board noted the strategy's key messages, and commented that that the SSRO will demonstrate its value and impact both indirectly through behavioural changes as well as directly through savings.
 - 3.8. On 22 February 2016, the SSRO issued its first annual anonymous employee survey. The SSRO's Corporate Plan included an objective for the SSRO to 'be a good employer and value our people', which was measured by three KPIs, including 'at least 50 per cent positive feedback on employee surveys'. The SSRO delivered (and exceeded) this KPI in 2015/16.
 - 3.9. Following the completion of end of year appraisals and the setting of annual individual objectives for 2016/17, including the identification of individual training and development needs, a training strategy built upon the priorities in the Corporate Plan had been developed and was due to be presented to the Executive Committee for approval in May 2016.

The Board:

- a) **noted the sections of the report, including meetings with stakeholders, recent and future publications, the SSRO's priority workstreams, an update on the recruitment of non-executive Board members and the employee survey.**

4. **Baseline profit and capital servicing rates: approach for 2017/18**

- 4.1. Matthew Rees, Director of Analysis and Reporting, introduced a paper presenting the Board with recommendations concerning the approach for delivery of the baseline profit rates (BPRs) and capital servicing rates (CSRs) for the financial year 2017/18.
- 4.2. The Board discussed the project timetable included in the report and noted that the SSRO was on track to deliver the rates. Invitations had already been circulated for a stakeholder event on 15 June 2016 to discuss implementation of multiple rates, where further details on the consultation timeline would be given to stakeholders. The Operational Working Group had already been informed of an overview of the consultation timeline.
- 4.3. The Board discussed in detail the proposals in the paper for reviewing, consulting on and delivering the BPRs and CSRs in light of value for money considerations, including the procurement of data and advice from specialists. The Board agreed it was important to build internal flexibility and maintain oversight for this work in future years. It noted the significantly lower cost estimates provided for an 'unbundled' approach, following negotiations with potential suppliers. To this end the Board approved an 'unbundled' procurement approach to carrying out the data analysis in house, along with specialist advice and peer review, which would be procured through a financial expert framework.

The Board:

- a) **approved the approach the SSRO should take "further to develop" the methodology;**
- b) **approved the project plan and timetable; and**
- c) **agreed that an 'unbundled' approach to procurement of advice and unrestricted data was most appropriate.**

5. **Corporate Performance Report**

- 5.1. Neil Swift, Director of Corporate Resources, introduced the Corporate Performance Report, which provided an update on how the organisation was delivering against its corporate priorities as at 31 March 2016. The report set out all relevant matters relating to the SSRO's performance, including progress against key performance indicators, budgetary updates and the delivery of corporate priorities with associated objectives and tasks.
- 5.2. Overall performance was on target, and where it could be measured against the KPIs in the SSRO's published Corporate Plan had been rated 'green'. Full year performance to 31 March 2016 would be formally reported to the Board in the Annual Report and Accounts at its next meeting on 21 June 2016.

- 5.3. Work during March included publishing statutory guidance on adjustments to the baseline profit rate, issuing updated report templates and user guides, conducting QDC analysis and compliance assessments, preparation for procuring the successor to the DefCARS database, a tenth update to SSRO Answers, work to provide a determination on a QDC, various meetings with industry and the MOD, a meeting of the SSRO Senior Stakeholder Forum, a quarterly meeting of the Operational Working Group and managing a substantial number of helpdesk queries.

The Board:

- a) **noted progress to date.**

6. Financial risks

- 6.1. Neil Swift, Director of Corporate Resources, presented a paper that considered the financial risks as the SSRO continued to establish itself and its work programmes. The SSRO had several work streams, and needed to ensure that it had the right level of resources available to deliver the approved work programme and manage and deliver its demand led obligations. The report outlined the financial implications of doing this.
- 6.2. The Board agreed that current spend and proposed use of discretionary budgets were sound and the Board would continue to review the situation with a view to taking any steps necessary during the remainder of the financial year, including the potential need to seek additional baseline funding.

The Board noted:

- a) **financial risks;**
- b) **priorities for utilising available discretionary resources; and**
- c) **the potential need to seek additional baseline funding.**

7. Minutes and updates from sub-committees

- 7.1. Jane Attwood introduced the minutes from the Regulatory Review Committee, including an update on the procurement of the SSRO's Defence Contract Analysis Database successor system, and the review of the regulatory framework.
- 7.2. The Interim Chair introduced the minutes from the Referrals Committee, and updated the Board that the final determination had been sent to both parties in advance of a redacted version of the final determination being published on the SSRO's website on 16 May 2016.
- 7.3. The Board noted both sets of oral updates and draft minutes.

8. Any other business

8.1. There was no other business.

9. Date of the next meeting

9.1. The next meeting of the Board would take place on 21 June 2016 in Finlaison House.