

SSRO

Single Source
Regulations Office

Responses to the SSRO's consultation on the draft data strategy

July 2019

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1. ADS Group

Details of the respondent

2.1 Please complete the questions below about the respondent.

- a) Name and address of the organisation on whose behalf this response is provided (if applicable).

ADS Group Limited
Salamanca Square
9 Albert Embankment
London
SE1 7SP

- b) Name and job title (if applicable) of the person providing the response.

Tim Martin
Head of Defence (Commercial)

2.2 Respondents' attention is drawn to the following SSRO policy statements, available on its website,¹ setting out how it handles the confidential, commercially sensitive and personal information it receives and how it meets its obligations under the Defence Reform Act 2014, the Freedom of Information Act 2000, the General Data Protection Regulation and the Data Protection Act 2018.

- *The Single Source Regulations Office: Handling of Commercially Sensitive Information;* and
- *The Single Source Regulations Office: Our Personal Information Charter.*

2.3 In the interests of transparency for all stakeholders, the SSRO's preferred practice is to publish responses to its consultations, in full or in summary form. Respondents are asked to confirm below whether they consent to their response being published and to the attribution of comments made. Where consent is not provided comments will only be published in an anonymised summary form.

- a) Do you consent to the SSRO publishing this consultation response?

Yes ~~No~~ (Delete as appropriate)

- b) Do you consent to the SSRO attributing comments made by you in this response in a public summary of consultation responses?

Yes ~~No~~ (Delete as appropriate)

¹ <https://www.gov.uk/government/organisations/single-source-regulations-office/about/personal-information-charter>

Consultation responses

3.1 The SSRO invites stakeholder views, together with supporting evidence where appropriate, on the following consultation questions:

a) Does the draft data strategy add value for you?

In Part ~~Yes / No / Don't know~~ (Delete as appropriate)

Comments

1. The main observation is that the Data Strategy lacks strategic content and in practice is more of a tactical plan that identifies a number of objectives. Timescales and greater sense of what will be achieved in terms of improved QDC and QSC management by collecting data and processing it into information is required to give context. The data strategy can then be used to show how the data collected will be used to improve project outcomes.
2. The document should give more recognition to the cost of collecting, checking and submitting the data. It should state that the fundamental ambition is to collect the minimum amount of data required to ensure:
 - Good value money is obtained in government expenditure on QDCs and QSCs;
 - Contractors are paid fair and reasonable prices; and
 - The cost of collecting and processing the data is outweighed by improvements in project management and overall project outcomes.
 - Statutory reporting obligations are fulfilled.

It should also state that the SSRO will bear down on collecting data over and above the minimum required to fulfil the above. Collection and processing of data that is 'nice to have' or 'interesting' will be eliminated. It should be noted that if data above the minimum set is needed it can be required by contract condition or statutory request by the MoD e.g. via the 'Open Book' provisions in the contract.

- b) Are there other outcomes you feel the SSRO should pursue, or additional actions it should prioritise?

Yes / ~~No~~ / ~~Don't know~~ (Delete as appropriate)

Comments

1. The document should highlight that the main aim of collecting the data is to provide information that will allow management of projects to be improved. Where this cannot be shown or if the contribution to improved project management is marginal, the requirement to collect and submit the data should be removed.
2. Greater emphasis should be placed on regularly reviewing the data being collected to ensure that it continues to contribute to the management of contracts placed under the Single Source Contract Regulations. Each data item and the reports in which data items are used should be scrutinised regularly (annually or biennially?) to ensure they still make a material contribution to managing QDCs and QSCs, and the requirement to report data eliminated where this cannot be shown.

c) Do you support the vision set out in the data strategy (section 4)?

In Part ~~Yes / No / Don't know~~ (Delete as appropriate)

Comments

1. The vision statement in the box should reference minimising the cost and burden of collecting and supplying the data and emphasis that it will only be collected if it:
 - Improves the management of QDCs and QSCs;
 - Contributes to demonstrating the government customer is obtaining good value money;
 - Helps show contractors are being paid fair and reasonable prices; and
 - Is required by the Regulations to be reported.

2. The definitions in paragraph 4.2 have lost their way and following alternatives are offered. Information is:

Required if the Regulations specify it is to be submitted;

Timely if it is submitted on time;

Usable if it is in a form that allows it to be used for the intended purpose; and

Reliable if the methodology used to collect the data and the tolerances on data as result of the way it has been generated and collected are recognised and reflected in the way it is used.

The last point is particularly important as it highlights the need for the recipient to understand the conditions under which the data was provided and any consideration which need to be taken into account when processing the data.

d) Do you agree with the definition of high-quality data in the strategy (section 4)?

In Part ~~Yes / No / Don't know~~ (Delete as appropriate)

Comments

The definition should also include reference to the data being collected in an appropriate way and recognise any limitations or considerations which need to be taken into account because of the way it has been generated or collected or processed.

e) Does the SSRO's strategy (section 5) cover the main factors the SSRO can deliver to achieve the vision?

In Part ~~Yes / No / Don't know~~ (Delete as appropriate)

Comments

Analysis and Reporting: This section should be redrafted to clarify that whilst the regulatory framework provides for the Secretary of State to call for additional reports and reporting, the work required will be 'on demand' and to the Secretary of State's account.

There is also no requirement in the regulatory framework for the SSRO to produce benchmarking data or publish bulletins of statistics and references to these should be removed.

It is thought unlikely that companies would use DefCARS for the suggested purposes as they will be able to produce the comparisons from within their own systems. They might also be reluctant to perform these comparisons in a system where the results and outcomes may be visible to others.

There will also be significant issues to overcome if connecting the contractor's system to DefCARS is contemplated.

f) Where might there be, or need to be, opportunities for collaboration to deliver mutual benefit, to achieve the vision in the data strategy, across industry, MOD and the SSRO?

Comments

ADS members are generally sceptical about the benefits available from the current reports and reporting framework. It is aware that after nearly five years, Project Teams are still not using the Contract Reports, and that there seems to be significant overlap between the work CAAS and the Indirect Project Team. At this time, members see the best opportunity for collaboration across industry, MOD and the SSRO as being a thorough review of the reports to identify where they can be rationalised and improvements that will lead to better decisions in managing QDCs and QSCs.

2. Babcock International Group

Babcock International Group

(...) we wish to make a few general observations in relation to the document.

- We believe the Strategy should contain more on how the data will be used to serve the stated aims of VFM for the MoD and a fair & reasonable return for Industry. Much of the wording in the Data Strategy seems to focus on the collection of data itself, rather than developing its use. You do however acknowledge this to some degree in para 3.4.
- There are some mandated reports which may more appropriately be re-classified as On Demand. An example would be the SICR which takes a lot of time and effort for a Company of our size, but we have never had any feedback on the 2 we have submitted. When I raised this at a workshop with MoD in attendance, their response was that the SICR is useful for some Companies but not for others. Maybe giving 6 months notification of the requirement for a report such as this would be more appropriate, although we realise this would require a change to primary legislation. This is touched upon in the 'Review' comments in Section 5.
- Under para 4.2. it mentions the comparability of data over time. It's not clear whether the data will also be used to aim to compare across Companies. If so, this will be extremely difficult as Companies have different QMAC's and organisational structures (e.g. payroll may sit in Finance in one Company and HR in another). A better understanding of what you are looking for and how the data is to be used would assist industries understanding.
- Furthermore, we would question the usefulness of much of the data that is collected through the mandated reports. We have submitted many reports on a number of QDC's / QBU's over the last 4 years and we have never had any feedback / questions on any of the reports to my knowledge, other than some initial clarification questions on submission of the reports to validate that data has been entered in the right place for example. Again we appreciate that a change of primary legislation may be required to change the timing, occurrence and content of a report but suggest this represents a potential improved approach to VFM.
- We suggest it would be worthwhile to develop a more collaborative approach to the identification of necessary reports and data per company. This could entail open dialogue to establish focus areas, agreed data and reporting requirements and analytics specific to each business again representing a proportionate and reasonable approach supporting VFM.

We are happy to continue to work with you on further developing your Data Strategy in the future via the IT and Reporting Subcommittee.

Regards

Gary Lambert

3. The Boeing Company

Details of the respondent

2.4 Please complete the questions below about the respondent.

- c) Name and address of the organisation on whose behalf this response is provided (if applicable).

The Boeing Company
c/o Boeing Defence UK Ltd
25 Victoria Street
London SW1H 0EX

- d) Name and job title (if applicable) of the person providing the response.

Michael Hayes
Special Projects Director
Boeing Global Operations

2.5 Respondents' attention is drawn to the following SSRO policy statements, available on its website,² setting out how it handles the confidential, commercially sensitive and personal information it receives and how it meets its obligations under the Defence Reform Act 2014, the Freedom of Information Act 2000, the General Data Protection Regulation and the Data Protection Act 2018.

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- c) Do you consent to the SSRO publishing this consultation response?

Yes

- d) Do you consent to the SSRO attributing comments made by you in this response in a public summary of consultation responses?

Yes

² <https://www.gov.uk/government/organisations/single-source-regulations-office/about/personal-information-charter>

Consultation responses

3.2 The SSRO invites stakeholder views, together with supporting evidence where appropriate, on the following consultation questions:

a) Does the draft data strategy add value for you?

No

Comments

Rather, not particularly, as the 'Data Strategy' contains nothing new but it is a digest of data provisions, rights and protections that sit elsewhere in other SSCR related documents.

b) Are there other outcomes you feel the SSRO should pursue, or additional actions it should prioritise?

Yes

Comments

It is important that only relevant and essential data is collected and stored that; a) assists better contract management within DE&S and; b) supports constructive data mining by SSRO, within its remit to fulfil requests by the Secretary of State for analysis of reported data.

c) Do you support the vision set out in the data strategy (section 4)?

No

Comments

Rather, in part, as indicated in comments in a) and b) above. However, I disagree in 4.1 that data submitted by contractors in statutory reports will ever be utilised in 'procurement decisions', as procurement decisions are made before contract specific statutory reports are submitted to SSRO.

In addition, 4.2 is badly configured and needs rewriting probably as a list to assist with understanding its thrust.

Finally, as a whole, the vision appears to be merely a summary of information that exists elsewhere.

d) Do you agree with the definition of high-quality data in the strategy (section 4)?

Yes

Comments

e) Does the SSRO's strategy (section 5) cover the main factors the SSRO can deliver to achieve the vision?

Yes

Comments

In respect of DefCARS, it is most unlikely that any connectivity with company systems would be permitted. In addition, it is also most unlikely that Boeing would use DefCARS for internal purposes of contract comparisons.

- g) Where might there be, or need to be, opportunities for collaboration to deliver mutual benefit, to achieve the vision in the data strategy, across industry, MOD and the SSRO?

Comments

There are far too many reports required, many of which are not used by DE&S and which appear also not to contribute to SSRO analysis and reporting. That being the case, a thorough review of reporting requirements should be jointly undertaken to identify improvements that will support the provision and use of high-quality data.

4. Leonardo

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Ref: JAS/VPF/2019/002
Date: 21st March 2019

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[REDACTED]
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Dear Simon

SSRO - Data Strategy

Leonardo welcomes the SSRO's invitation to contribute to its review of data strategy and remains at your disposal to discuss any of the matters raised.

The area we would comment on is reporting. We recommend, and understand this may be under way, a review of reporting requirements along the following lines:

1. What is the purpose of the report?
2. Who are the users?
3. Have the users agreed scope, format and frequency of the reports?
4. Are there already similar reports in use? If so can reporting be rationalised?
5. Is the timing of the report practical in terms of meeting user requirement and for the parties producing the report and any dependencies they have?
 - a. Pricing rate submissions have agreed timetables with MOD, depending on:
 - i. When annual guidance is available
 - ii. When the contractor's statutory accounts and budgets are available, and
 - iii. The rates agreement process will involve a submission date and subsequent agreement and promulgation.
6. Do any of the prescribed SSRO reports duplicate?
 - a. At some period ends the quarterly and interim reports can be similar in timing.
 - i. Is their purpose so different as to require both reports?
7. We believe you are aware the DE&S Indirect Cost Pricing Team are developing reporting requirements that would benefit from inclusion in any reporting review.
8. Has the cost and benefit of the report (including frequency) been understood, especially if "operationally" other reports are used?



We hope our comments are helpful to your review and are happy to discuss them further.

Yours sincerely

James A Schofield
VP Finance

cc: M Rees
D Galpin
S Mahony
L Hawkins

5. Thales UK Ltd

Details of the respondent

2.7 Please complete the questions below about the respondent.

- e) Name and address of the organisation on whose behalf this response is provided (if applicable).

Thales UK Ltd

- f) Name and job title (if applicable) of the person providing the response.

Alison Hexter
Finance Director HQ

[Redacted]

[Redacted]

[Redacted]

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Do you consent to the SSRO attributing comments made by you in this response in a public summary of consultation responses?
Yes

Consultation responses

3.3 The SSRO invites stakeholder views, together with supporting evidence where appropriate, on the following consultation questions:

a) Does the draft data strategy add value for you?

In Part

Comments

The data may be used to help ensure the government obtains good value for money from its expenditure on qualifying defence contracts and that contractors are paid fair and reasonable prices. One of the aims of the Act is Parties to qualifying defence contracts are paid a fair and reasonable price. Is the data being collected being useful? I.e. is it data to be acted upon or information?

More consideration should be given to the cost of collecting, checking and submitting significant amounts of data and funding contractors for this effort where contractors are specifically employing people who work across the organisation to support the requirements of the legislation, beyond those employed against specific projects.

It may be better value for money if the data collection was more targeted. For example, whilst it is in the legislation, the need to provide estimates for supplier business unit rates, an estimate is only the best information at a point in time and in reality, we are always being asked to update for best information. Estimates that are in DEFCARS are not updated for latest information.

The strategy could state that it is the fundamental ambition is to collect the minimum amount of data required to ensure: good value money is obtained in government expenditure on QDCs and QSCs and contractors are paid fair and reasonable prices and in reality the provision of any supplier data that is not *promulgated nor used for pricing* may not be of much use as a bench mark.

The SSRO may wish to ensure we do not needlessly report, for example PTs wanting different contract information to that specified in DEFCARS. We should definitely explore instances where information could have a dual use in both customer and supplier reporting and if necessary use free formats.

The SSRO may wish to ensure on a tripartite basis the information reported, and where or example PTs request different contract information. We should explore instances where information could have a dual or triple use in customer, supplier and regulator reporting. Thales UK would be willing to explore any efficiency in this respect.

- A potential solution (albeit partial) would be to only submit the supplier report when they have been agreed by CAAS, and not submit contract reports when we only have a provisional price.
- Reporting any contract data pre 2014 is not providing any comparison to the price construct as the contract was pre legislation and reporting is post.

b) Are there other outcomes you feel the SSRO should pursue, or additional actions it should prioritise?

Yes

In respect to the supplier reporting the formats of the information requested in the Business Unit Cost analysis reports are not in the same format as the Contractors internal systems, nor consistent across Companies for managing cost. Value could be obtained by considering a free format of similar information that can be clearly linked back to the contractor's internal systems.

Thales UK works across various customers, we need to ensure that it is recognised the MOD do not pay the full cost of an organisation and only that which is appropriate to the level of MOD business , so any **absolute** comparison is difficult (needs to be %)

There are instances for example where Contractors can put a cost in a different function – e.g. Apprentices and graduates or inactive staff (maternity leave)

The basis of cost recovery may not be consistent across contractors – Material Handling, G&A% and those costs to which it is applicable and awareness of this is needed when reviewing the cost of acquisition.

Regular review of data collected should be undertaken to ensure value add and the requirement to report data eliminated where this cannot be shown.

c) Do you support the vision set out in the data strategy (section 4)?

In Part

We acknowledge the SSRO's work has been informed throughout by engagement with Industry stakeholders and the Reporting and IT working group should be continued with more regularity to ensure feedback on reporting issues, guidance and use of DefCARS.

Data will be relevant if what is prescribed by the Regulations and submitted by contractors is that which is needed for the regulatory framework and no more. No more, is not what happens in practice!

The data must also be submitted on time. To be usable, data must be comparable over time and will be standardised (this standardisation across Companies causes more effort in production) to aid comparability. Data will be reliable if it is accurate when submitted, complete and within valid ranges. Estimates will always be a best guesstimate and in reality supplier data is only reliable if used for pricing.

When Offers are made for rates to be used in pricing that may not agree with the supplier reports, the data may not be that useful!

d) Do you agree with the definition of high-quality data in the strategy (section 4)?

In Part

High quality data is ok as an acronym for actuals; with estimates however the most important thing is the assumptions that underpin these. If the assumptions in the budget are not realised, such as contract delays the outcome will be different. The timing of order receipt is fundamental to the outcome of estimated rates.
– Sometimes budgets are out of date which mean estimates may not always align to formal budgets.

Data should only be entered when it is promulgated, but we recognise this is outside legislation time limits at the moment. The legislative time limit for data submission does not allow enough time for a CAAS audit to have occurred (statutory accounts are 9 months after the yearend)

My proposal is we only submit data into DEFCARS when it has been agreed

e) Does the SSRO's strategy (section 5) cover the main factors the SSRO can deliver to achieve the vision?

In Part

In the longer-term, we will explore the interoperability of DefCARS with MOD and industry systems and we will engage with stakeholders about what can be achieved. This will involve consideration of whether regulatory data can be collected via automated reporting from company systems and accessed by the MOD through connectivity with its systems.

Whilst Thales supports an aspiration for automation we should be careful that the differing requirements and rules do not impose a level of configuration control of the automation process beyond manual entering of data .Automation needs to factor in the differences in operating systems and internal reporting requirements which may be outside of our control.

Automation is not possible for projects for example where Internal systems don't align with MOD financial years on project, and it's only the hours that could be extracted. Further issues such as for example include POCO adjustments on supplier and different contract profit rates for amendments.

h) Where might there be, or need to be, opportunities for collaboration to deliver mutual benefit, to achieve the vision in the data strategy, across industry, MOD and the SSRO?

Thales UK currently has limited use of the reports we have had to submit on the DEFCARS for internal use because we have vigorous other internal requirements for such reporting (both projects and overheads) so we are sceptical on the benefits available from the current reports and reporting framework.

However we remain open to supporting any change and the benefits that may be available from amending the current reports and reporting framework.