

SSRO

Single Source
Regulations Office



Stakeholder engagement

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The SSRO

The Single Source Regulations Office or SSRO is an executive non-departmental public body, sponsored by the Ministry of Defence (MOD). We play a key role in the regulation of single source, or non-competitive defence contracts.

The MOD spends significant amounts on single source defence contracts (approximately £8.1 billion in 2016/2017) and these contracts typically represent more than 50%

of new defence contracts each year. It is vital that single source contracts efficiently deliver the goods, works and services the UK government needs for defence purposes.

The Defence Reform Act 2014 created a regulatory framework for single source defence contracts. The framework places controls on the prices of qualifying contracts and requires greater transparency on the part of defence contractors.

The SSRO is at the heart of the regulatory framework, supporting its operation. When undertaking our statutory functions, we aim to ensure:

- Good value for money for the taxpayer is obtained in government expenditure on qualifying defence contracts.
- Persons who are parties to qualifying defence contracts are paid a fair and reasonable price under those contracts.

Our Engagement Strategy

The SSRO recognises the benefits of positive, effective engagement with stakeholders and view it as essential in enabling us to carry out our role. We will maintain a proactive programme of stakeholder engagement to help us deliver our Corporate Plan and statutory functions.

We will prioritise our work and activities in consultation with industry and the MOD. We take an evidence-based approach to delivering our statutory functions and we will seek feedback and input as a key part of the evidence base.

We will continuously seek to improve how we undertake our engagement. We completed our first stakeholder survey in 2018 and we will repeat this at appropriate intervals. The survey results have informed our stakeholder engagement strategy and the frequency and mechanisms by which we engage. Many of the priority actions in this strategy are a response to issues raised by stakeholders through the survey and will build on the improvements made through our new approach to engagement over the last year.

Everyone at the SSRO has a role to play in successful engagement. We aim to achieve a purposeful, coordinated and consistent approach to our engagement, informed by this strategy.

We recognise that engagement must be effective, and we will aim to promote high quality responses. The timing, mode and level of our engagement will be targeted to get the right focus on key issues. We will clearly set out our thinking and provide a range of appropriate opportunities for stakeholders to give feedback.

The SSRO Board will receive regular reports on our engagement activities and consider its effectiveness. We will report in our Annual Report and Accounts on the SSRO's key performance indicator relating to stakeholders' perception of our engagement.

Corporate Plan 2018-21

Objective 8

Maintain effective and comprehensive engagement with our stakeholders



What good will look like

- Stakeholders have access to high quality, timely, clear and accurate information provided by the SSRO.
- Stakeholders provide and receive meaningful feedback.
- Stakeholders feel that the SSRO listens well to their views.
- The SSRO gains high quality evidence that demonstrably enhances delivery of its functions.
- The SSRO is good at engaging with its stakeholders in the right ways and at the right times, as evidenced by the stakeholder survey.
- The SSRO engages proportionately with stakeholders, listening to all views but recognising the need to give due attention to those most involved in the regime.

Stakeholder Survey

The SSRO carried out a stakeholder survey to help measure the effectiveness of the ways we engage with our stakeholders and provide insight into how these could be further developed and improved.

271

stakeholders invited to take part in online survey

92

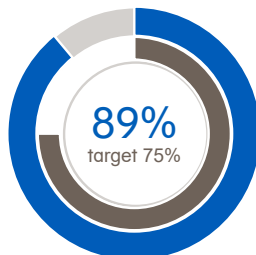
stakeholders completed quantitative survey

17

second round qualitative telephone interviews

7 CEOs or Presidents, 23 Managing Directors or Directors, 32 senior managers, 16 junior managers and officers, and 14 others completed the quantitative survey.

Objective 1



Proportion of stakeholders who consider the SSRO engages well

The report's findings were generally very positive. Data for our two corporate KPIs is set out in the chart on the left:

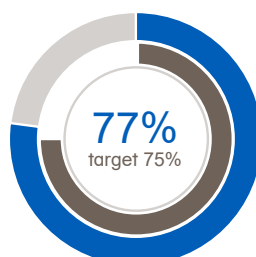
55% of respondents had a more favourable opinion of the SSRO now than 12 months ago and 73% of respondents rated the SSRO's overall performance as good or very good in the past 12 months. We recognise we have more to do and we hope planned improvements increase the percentage of respondents who would speak highly of us (currently 20%, with 57% neutral).

Respondents rated highly the SSRO's operational and face-to-face engagement such as our offer of support (e.g. SSRO Reporting Helpdesk, onboarding for new qualifying defence contractors and DefCARS), the Operational Working Group (OWG), the Reporting and IT Sub-Group, and site visits. Respondents constructively highlighted ways to improve our engagement, including:

- enhancing consultation, for example by increasing the opportunities for face-to-face engagement;
- better access to skills and experience in defence contracting;
- developing and broadening relationships, particularly within the MOD;
- listen more to experienced industry professionals;
- improving guidance by including examples.

We have prioritised action to address this feedback.

Objective 2



Proportion of stakeholders who believe the SSRO's guidance to be clear and applicable

The SSRO's Engagement Principles

In all our engagement with stakeholders we are guided by several principles:

- We engage to support effective delivery of our statutory functions, our aims and our Corporate Plan.
- We value stakeholder input and involvement in the prioritisation of our work and such feedback is a key part of our evidence base.
- We provide multiple opportunities and channels for engagement, seeking effective dialogue on key issues.
- We openly communicate in an accessible way the reasons for our decisions or actions so stakeholders can understand what we have done and how their feedback has been considered.
- We proactively help stakeholders with the operation of the regulatory framework by providing training and support.
- We will optimise our engagement by continuing to develop our understanding and knowledge of the defence sector.
- We will learn from stakeholder feedback to continuously improve how we engage.



Communication

We will communicate in a tone and style that is demonstrably open, approachable, authoritative and positive. Some of our information will be technical in nature but we aim to communicate in ways that make it accessible for different audiences while still focusing on sufficient detail. We will explain the reasons for our decisions or actions, so that stakeholders can understand why a decision was taken and how their feedback has been considered.

The SSRO has a set of clear and consistent key messages about our role and the regulatory framework that we wish to communicate and ask stakeholders to engage with.

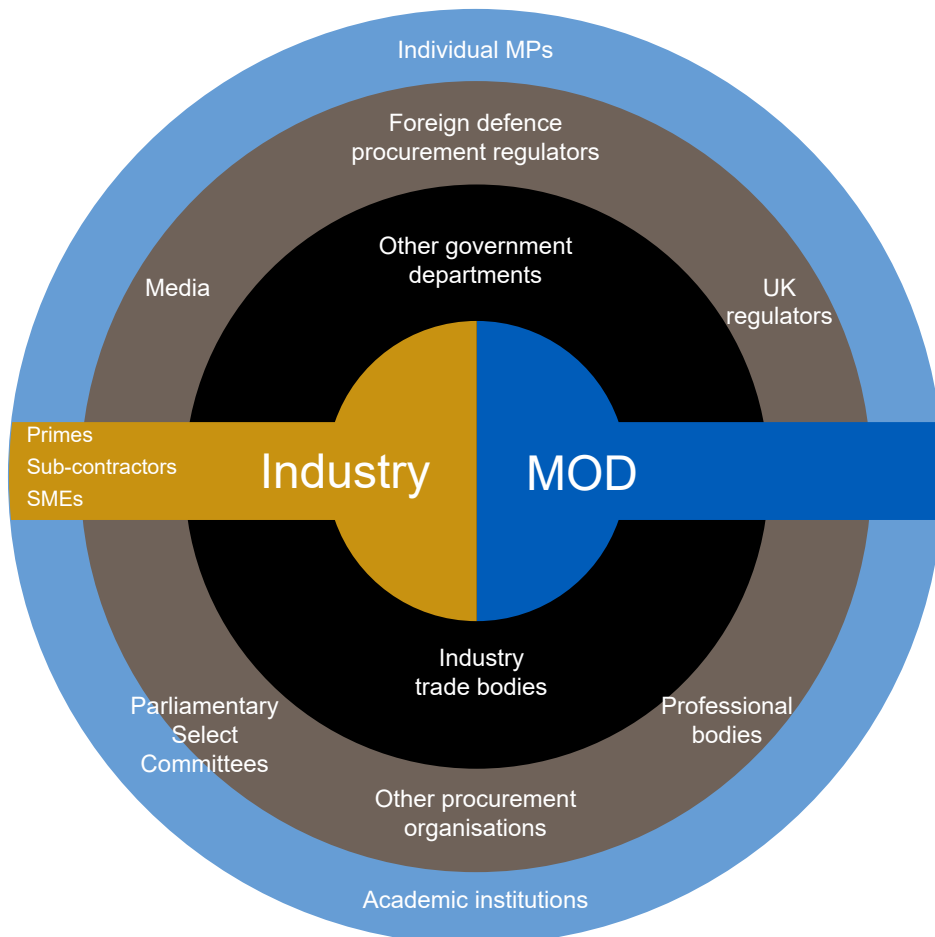
- 1** The SSRO is at the heart of the regulatory framework for single source defence contracts, working independently and objectively to support operation of the framework.
- 2** When undertaking our statutory functions, we aim to ensure that government obtains good value for money from qualifying defence contracts and that contractors are paid a fair and reasonable price under those contracts.
- 3** We take an evidence-based approach that relies on listening to our stakeholders. We prioritise our work and activities in consultation with industry and the MOD. We use input from stakeholders as a key part of the evidence base in the delivery of our statutory functions.
- 4** We keep contract profit rates under review and ensure our assessment of the appropriate baseline profit and capital servicing rates achieve value for money and fair and reasonable prices in accordance with our statutory aims.
- 5** We support stakeholders to report good quality data under the regime. We promote effective use of reported data to improve single-source procurement.
- 6** We proactively support defence contractors to help them understand the requirements of the regulatory framework through our onboarding support, training, guidance and our Reporting Helpdesk.
- 7** We deliver authoritative guidance and decisions, through meaningful engagement and by accessing professionals with skills and experience across relevant disciplines. We regularly review and add to our skills and continually seek to increase our understanding of the defence industry.

Our Stakeholders

The diagram below shows the stakeholder groups the SSRO engages with.

We intend to engage in a proportionate way with stakeholders, having regard to their degree of involvement and interest in the regulatory framework. The frequency and depth of our engagement and the number of topics on which we engage will be highest for stakeholders in toward the centre of the diagram below and progressively lower moving outward.

We engage frequently on many topics and in detail with some parts of the MOD (e.g. MOD’s Single Source Advisory Team, Minister for Defence Procurement) and less so with other parts of the MOD who have infrequent or peripheral involvement with the single source procurement framework. Similarly, some industry stakeholders have many qualifying defence contracts and are active participants in our forums such as the Operational Working Group, and some companies only have a single qualifying defence contract that forms a very minor part of their overall business.



Engagement roles in the SSRO

All SSRO Board members and staff have a role to play in maintaining good relationships with our stakeholders as we deliver the objectives set out in the Corporate Plan.

Details of the engagement roles within the SSRO and the relationships that should be maintained are set out below.

Chairman

Leads the SSRO's engagement with ministers, the most senior MOD officials, the senior independent director of the Defence Board, Parliamentarians, the SSRO's Senior Stakeholder Forum (SSF), Chairmen and Chief Executives of defence contractors.

Chief Executive

Leads engagement with senior MOD officials, such as the Director General Finance, Chief Commercial Officer and DE&S Commercial Director, recognising the role of the MOD's Single Source Advisory Team; Chief Executives and senior staff of defence contractors; and other key stakeholders, including ADS, UKRN CEOs and the NAO.

Non-Executive Board Members

Attend the Senior Stakeholder Forum, Board-to-Board meetings, industry events and contractor site visits. Agree the SSRO stakeholder engagement strategy.

Directors

Support the Chief Executive in maintaining strong relationships with senior industry and MOD stakeholders, bilaterally and through forums such as the OWG. Ensure all our engagement is consistent with the SSRO stakeholder engagement strategy. Ensure that project managers have appropriate plans in place that are acted on for engagement with stakeholders on each project or workstream in the Internal Business Plan.

All staff

SSRO staff engage extensively at working level with stakeholders to support the operation of the regulatory framework, including through our helpdesk, onboarding, monitoring reporting compliance, topic-specific workshops and regular forums such as the OWG and the Reporting & IT Subgroup.

Key priorities

1. Improve the experience of stakeholders participating in our consultations

We will promote opportunities for more discussion and engagement during consultation, including face-to-face discussions, to hear the views of experienced industry professionals and so stakeholders can explain the practical implications and hear us respond.

2. Maintain effective mechanisms for purposeful engagement with industry

We will continue to devote resources to purposeful engagement with contractors and industry trade associations such as ADS and others. We will do this through SSRO forums such as the SSF, the OWG, the Reporting and IT Sub-Group, and through other existing industry or MOD forums, workshops, bilateral meetings and site visits. We will continue to refine how our forums operate, to maximise benefit to us and our stakeholders. These mechanisms will help us obtain feedback, use it to prioritise our work and build our evidence base, share learning, and increase our understanding of issues in the defence sector.

3. Further develop and broaden our relationships within the MOD

The MOD continues to grow and develop its use of the data reported by industry to help make better procurement decisions. We will work in partnership with the MOD's SSAT to broaden our dialogue with a wider range of MOD stakeholders to help share learning and increase the benefits to be derived from the regulatory framework and the growing amount of data and analysis that is now available. We will also continue to engage openly and constructively with our existing MOD stakeholders.

4. Provide proactive support to industry

The SSRO provides a range of support and assistance to defence contractors to help them understand the requirements of the regulatory framework and to enable them to provide good quality data in the contract and supplier reports. We will provide high-quality training sessions on the DefCARS system and reporting requirements to industry and the MOD, develop training sessions via webinar, offer onboarding sessions at their facilities for contractors with their first QDC or QSC and extra support for SMEs. We will maintain a Reporting Helpdesk for contractor queries.

Some of the issues raised in the stakeholder survey go beyond the scope of our engagement strategy and will be addressed through our other projects and work to deliver our Corporate Plan.

5. Continue exchanging ideas, information and learning with our international counterparts

The SSRO benefits from exchanging information, developing ideas and sharing good practice with government organisations in other countries who play a part in supporting frameworks for effective single source defence procurement. Understanding other regulatory frameworks and the differences with the framework in the UK helps us learn from others' experiences and approaches. We will continue to maintain and add to these relationships where they help us to deliver our statutory functions.

6. Continue developing our people to enhance our skills for effective engagement

We will provide training and development to our staff to ensure that we are effective in listening to and engaging with our stakeholders.

7. Implement a suitable Customer Relationship Management system

As QDC numbers increase the SSRO engages with a growing number of different defence contractors and their staff each year. We wish to continue to appropriately manage information about our stakeholders and our engagement with them, including in accordance with data protection requirements, and to make this information efficiently available to those who need to know within the SSRO. We will procure a CRM system that is proportionate to our needs and helps effectively manage this information.

8. Continue to participate in conferences, speaking opportunities and other events

The SSRO will attend conferences and other events and take up speaking opportunities where this helps us to deliver our statutory functions and our Corporate Plan, or where it increases our understanding of the defence sector.