

Research Report



SSRO Stakeholder Survey 2018

Prepared for: SSRO

Prepared by: BMG Research

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1 Executive Summary

In January 2018 the SSRO (the Single Source Regulations Office) commissioned BMG to undertake research among stakeholders to gain insight into their relationship with the SSRO and to understand if there are any areas where the SSRO can engage with them more effectively.

The survey objectives were to:

- Ascertain the extent to which stakeholders consider the SSRO engages well (a KPI);
- Determine stakeholders' views on SSRO guidance and its process for reviewing this (a KPI).
- Understand how stakeholders' perceptions of the SSRO are changing.
- Review stakeholder views of the SSRO's various engagement methods.
- Obtain suggestions as to how the SSRO can achieve a better response rate, with high quality responses, to consultations and requests for information.
- Identifying any priority areas for future stakeholder engagement.

The research consisted of two strands:

- **Strand One:** an online survey of all stakeholders with telephone back-up, which aimed to obtain the views of as many stakeholders as possible. In total, the views of 92 stakeholders were gathered in this strand, including 15 representatives of the Ministry of Defence (MOD), 73 with stakeholders within industry and 4 with stakeholders within other organisations. Strand One was conducted in February and March 2018.
- **Strand Two:** in-depth interviews with stakeholders which asked stakeholders in more detail about their views of the SSRO and the reasons behind their responses to the quantitative survey. In total, 17 telephone interviews were conducted with stakeholders. Strand Two was conducted in March and April 2018.

1.1 Key Performance Indicators

How well has the SSRO engaged with stakeholders? *Target: 75% engage well*

89% of stakeholders feel the SSRO engages well with them

Is guidance clear and applicable? *Target: 75% agree it is clear and applicable*

75% of stakeholders agree that SSRO guidance is clear and applicable

1.2 General relationship between the SSRO and stakeholders

1.2.1 Familiarity

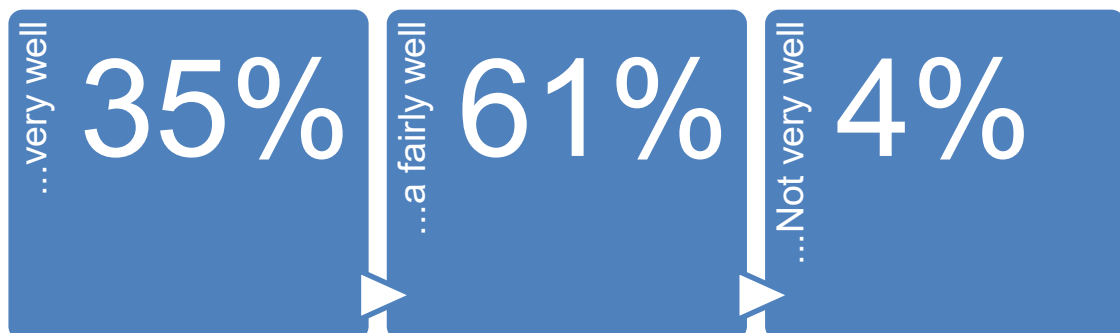
How well do stakeholders feel they know the SSRO...?



There is greater familiarity with the SSRO amongst stakeholders within the MOD compared with those within industry; amongst stakeholders that hold a senior position within their organisations; and those that have frequent dealings with the SSRO.

1.2.2 Understanding the SSRO's role and objectives

How well do stakeholders understand the SSRO's role and what it is aiming to achieve...?



Levels of understanding are greater within the MOD than within industry and amongst those holding very senior positions within their organisations.

Key elements of the SSRO's role and aims, as perceived by stakeholders, include:

- Ensuring value for money for the tax payer.
- Making annual recommendations for the baseline profit rate.
- To act as impartial mediators between the MOD and industry.
- They are a regulations office and not a regulator.

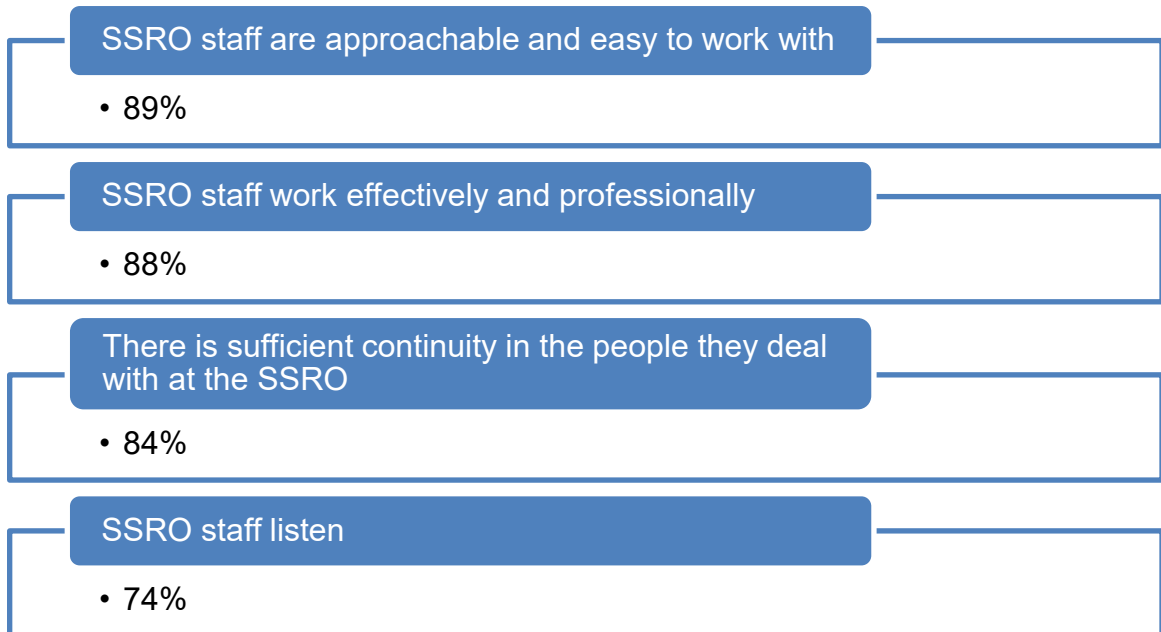
How the SSRO view their role, as perceived by some stakeholders, may differ:

- The SSRO see themselves as auditors.
- The SSRO goes outside its' remit sometimes.

Stakeholders believe that difficulties in determining and maintaining the SSRO's role may have arisen due to differing perceptions amongst the SSRO leadership; the fact that it is a relatively new and evolving body; and the experience of its' staff, some of whom have come from an audit background.

1.2.3 SSRO staff

The extent to which stakeholders agree with statements about SSRO staff...



Key observations made about staff include:

- SSRO staff have not always listened but is listening more these days.
- There is a welcome consistency of approach across SSRO staff that may make up for a lack of continuity in staff that stakeholders have dealt with.
- Communication between staff and stakeholders is generally held to be very good.

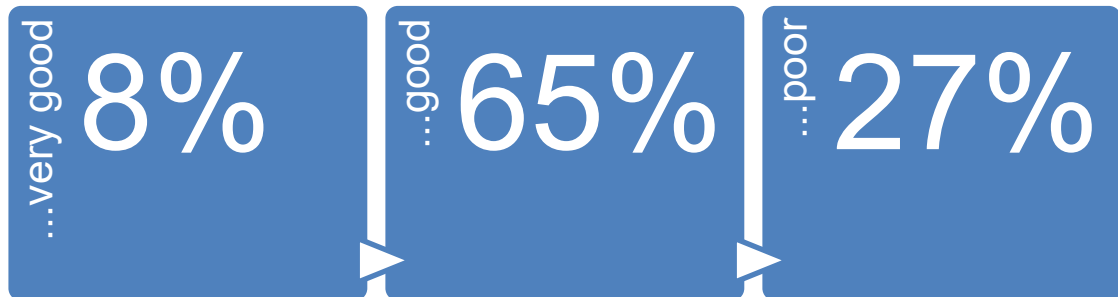
However:

- There is a general view that some SSRO staff lack experience and knowledge.
- There is sometimes confusion within stakeholder organisations regarding who deals with who at the SSRO.
- Occasional meetings are useful in building relationships between the SSRO and stakeholders.

1.3 Overall perceptions of the SSRO

1.3.1 Overall performance

How do stakeholders rate the SSRO's overall performance in the past 12 months...?



Stakeholders within the MOD are more critical of the SSRO's performance than those in industry.

There is some feeling amongst stakeholders that:

- The SSRO is building good working relationships with many industry players.
- The reporting regime that the SSRO has set up has been helpful.
- They are considered responsive and professional.

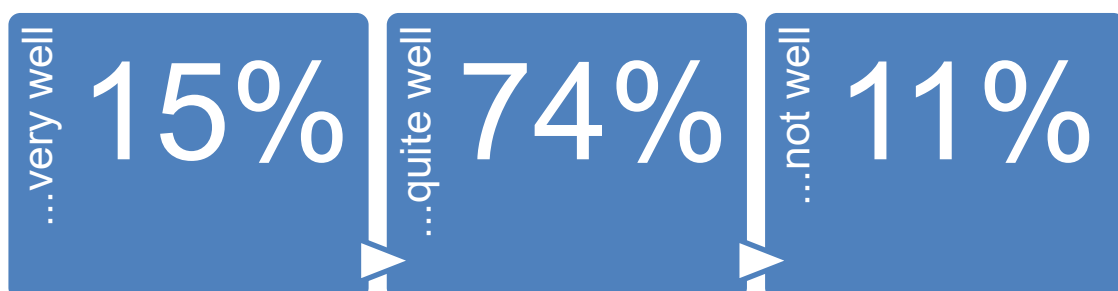
However:

- Some stakeholders feel that the SSRO want to be an auditor.
- The SSRO sometimes over-reaches its' role.
- They do not always consult enough as far as stakeholders are concerned.
- They do not always understand how things work in practice for industry.
- There have been systems issues that have caused communications problems.

Some stakeholders feel that the SSRO needs its' staff to have a deeper knowledge of the industry and single source pricing. They also feel that guidelines should be more practical. They specifically mention the need for more feedback on the status of the reports from the SSRO and the opportunity to provide more feedback to the SSRO to improve systems.

1.3.2 How well the SSRO has engaged with stakeholders

How well as the SSRO engaged with stakeholders...?

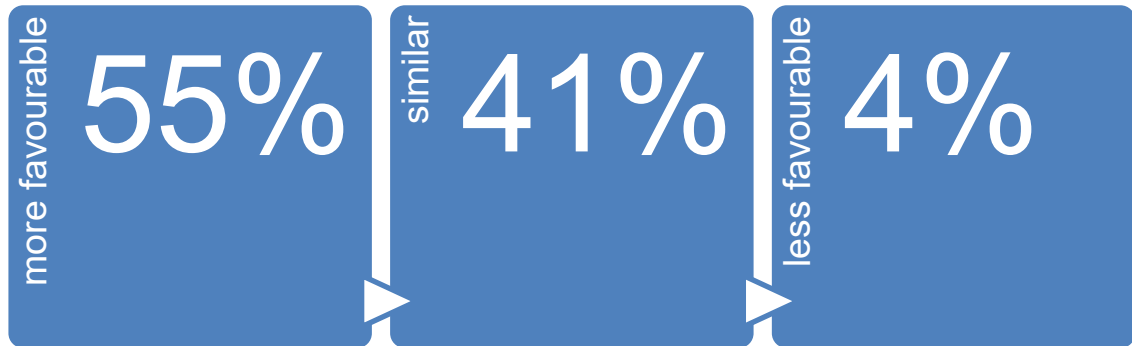


Views on how well the SSRO has engaged with stakeholders are more positive within the MOD than within industry.

There is a general view that how the SSRO engages with its stakeholders is improving.

1.3.3 Change in favourability in the last 12 months

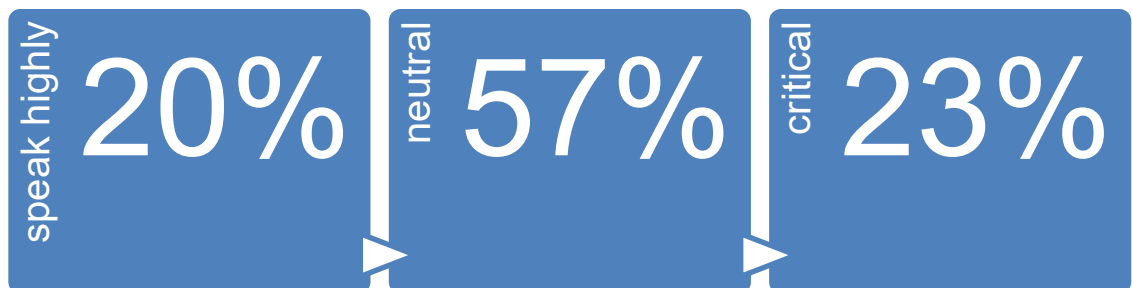
Do stakeholders have a more favourable, less favourable or a similar opinion of the SSRO now compared with 12 months ago?



Stakeholders tend to ascribe their changes of opinion to the change in leadership within the SSRO. They also tend to acknowledge that it takes time for relationships to develop and that alone can improve opinions of an organisation. Favourability improves with familiarity and having more frequent dealings with the SSRO is a significant factor.

1.3.4 Advocacy

How would stakeholders speak to others about the SSRO?



Although more likely to be critical than complimentary of the SSRO, the key finding is that more than half (the majority) of stakeholders would be neutral when speaking to others about the SSRO. They are not willing (or able perhaps) to influence other people's opinions of the SSRO.

1.4 Engagement

1.4.1 Frequency of contact

- 52% of stakeholders engage with the SSRO frequently (at least every 2 months).
- 26% engage with the SSRO at least once a month.
- 26% engage with the SSRO every 2 months.
- 36% engage with the SSRO 2 to 3 times a year.
- 6% engage with the SSRO once annually.

<p>63% have received the newsletter via email</p>	<ul style="list-style-type: none"> • 74% have found it useful and informative. • It is considered an important tool to keep stakeholders up to date. • However, some feeling that the content is too wide-ranging and it may be more appropriate to have different versions for SSRO staff and stakeholders.
<p>21% have participated in the Senior Stakeholder Forum</p>	<ul style="list-style-type: none"> • 84% have found it useful and informative. • While all CEO/Presidents and senior managers have found it useful/informative, opinion is more divided amongst MD/Directors.
<p>36% have participated in the Operational Working Group</p>	<ul style="list-style-type: none"> • 91% have found it useful and informative.
<p>28% have participated in the Reporting and IT Sub-group</p>	<ul style="list-style-type: none"> • All have found it useful and informative
<p>47% have held individual meetings</p>	<ul style="list-style-type: none"> • 88% have found these useful and informative. • Meetings are considered particularly valuable to building a working relationship between suppliers and the SSRO. • It promotes the perception that the SSRO are listening and promotes understanding between both parties.
<p>37% have used the helpdesk</p>	<ul style="list-style-type: none"> • 94% have been satisfied with the assistance provided. • There is a positive view of the responsiveness of the helpdesk.
<p>35% have accessed assistance and support when entering into a QDC or QSC</p>	<ul style="list-style-type: none"> • 93% have been satisfied with the assistance provided.
<p>35% have participated in consultations</p>	<ul style="list-style-type: none"> • 53% have been satisfied with the consultation process. • There is some feeling that stakeholder inputs are sometimes disregarded and that there are pre-ordained outcomes. • They are sometimes felt to be missed opportunities for two-way discussions. • Also, some stakeholders feel that their experience and knowledge should hold more sway.
<p>84% have visited the SSRO website</p>	<ul style="list-style-type: none"> • They are most likely to have accessed information on Profit rates and Allowable costs.
<p>17% have hosted the SSRO for a site visit</p>	<ul style="list-style-type: none"> • All but one respondent found this useful and informative. • They feel it helps the SSRO to understand things from suppliers' perspectives.
<p>10% have engaged through the referral process</p>	<ul style="list-style-type: none"> • All but two respondents were satisfied with the process. • Dissatisfied respondents tend to hold negative views of the SSRO and both feel that the SSRO is not always serving the best interests of the defence industry and the UK taxpayer.
<p>46% have submitted reports into DefCARS 2</p>	<ul style="list-style-type: none"> • 74% have been satisfied with it as a platform for submitting reports. • DefCARS 2 is viewed as a major improvement over the previous system but technical issues have been experienced.

There is considerable overlap between use of the helpdesk, accessing QDC/QSC support and submitting DefCARS 2 reports. There is also crossover between stakeholder groups, involvement in meetings and participation in consultations.

1.4.2 Improving levels of participation in consultations

Reasons for not participating in consultations include being too busy and not considering the subject of the consultation to be relevant. However a minority of stakeholders feel their views will not make any difference. Suggestions for increasing participation include:

- Emailing reminders.
- Targeting invitations more effectively.
- Inviting stakeholders to discussions rather than asking for participation in writing.

1.4.3 Website

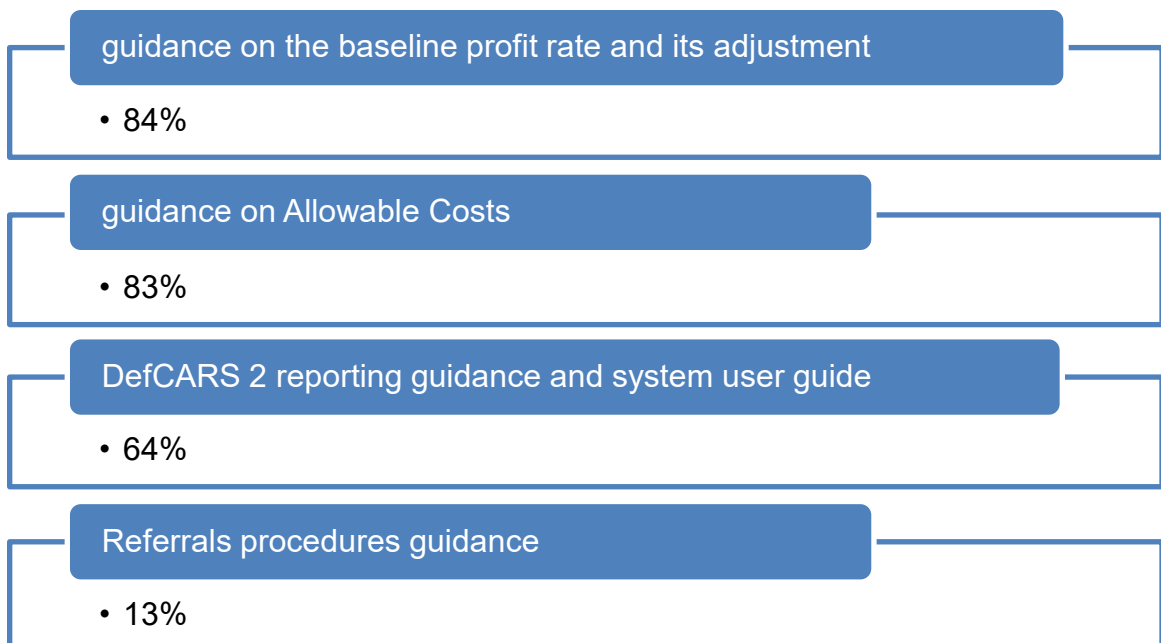
The most useful and information element of the website is considered to be publications, followed by the Profit rate section. The elements of the website deemed most in need of improvement in terms of their usefulness are referral, consultations and corporate information.

1.5 Guidance

1.5.1 Clarity and applicability of guidance

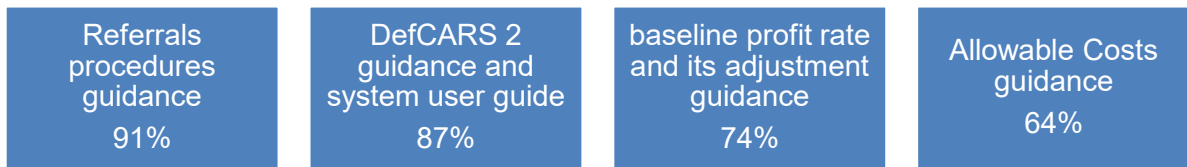
93% of all stakeholders have used at least one form of SSRO guidance.

Guidance that stakeholders have used:



75% of stakeholders that have used at least one form of SSRO guidance agree that it is clear and applicable.

In terms of agreeing that individual guidance is clear and applicable, the proportion of stakeholders that have used each that agree are:



1.5.2 Whether processes for reviewing guidance are fit for purpose

Are the SSRO's processes for reviewing its' guidance fit for purpose?



- Of all stakeholders, 25% did not feel able to provide a response to this question.

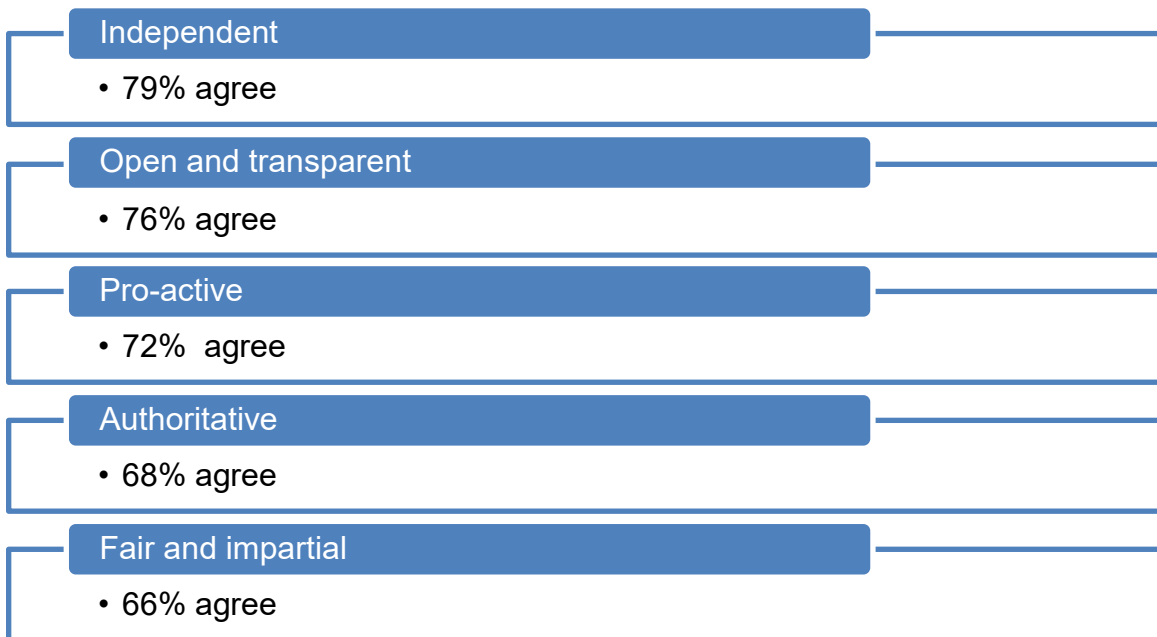
1.5.3 Views on improving guidance

Stakeholders' views provide some direction on how guidance could be improved. The key points included:

- Separating out statutory guidance from general information.
- Simplifying some guidance. There is some feeling that it is overly complicated. However, stakeholders acknowledged that guidance addresses topics that are not straightforward and users need to take time to read through it thoroughly.
- Guidance may be too 'principles-based' and does not always reflect reality.
- There are sometimes 'grey areas' and some guidance is open to different interpretations.
- The way that the SSRO expects some guidance to be interpreted is not always clear as the SSRO's opinions are not always evident at the outset.

1.6 SSRO Values

Stakeholders were asked if they agree or disagree with statements about the SSRO.



Stakeholders within the MOD are more likely than those in industry to view the SSRO as independent, fair and impartial, but less likely to view the SSRO as authoritative, open and transparent.

Stakeholder comments reflect the following broad views to a greater or lesser extent:

- The SSRO are perceived as more aligned to the MOD than to industry.
- However, they are considered by many stakeholders to be 'resolutely' independent.
- Transparency regarding the SSRO's operations has been limited but is improving.
- The SSRO's processes and systems, invitations to meetings, regular reports and information sharing all point to evidence of openness and transparency within the SSRO.
- There is a perception that SSRO staff lack experience and knowledge of industry and how contracting works in the defence industry. It is more complex than the SSRO think.
- More listening is required from the SSRO, but also more dialogue between the SSRO and stakeholders.
- Sometimes, stakeholders feel, the SSRO over-steps its mark in recommending change in regulations; it is too pro-active.
- The SSRO makes firm decisions and is strong in imposing these on stakeholders. While some feel it lacks authority because of the perceived lack of experience of staff, it is authoritative in its actions.
- In terms of fairness and impartiality, the SSRO should, stakeholders say, listen more and also properly discuss industry concerns, but the main issue is the allowable profit rate which some feel is too low.

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