



Submarine
Delivery Agency



Submarine Delivery
Agency
Framework Document

Version 1.0

February 2025

Introduction

This Framework Document has been agreed between the Ministry of Defence (MOD) and the Submarine Delivery Agency (SDA) in accordance with His Majesty's Treasury's (HMT) handbook [Managing Public Money](#)¹ and has been approved by HMT.

The Framework Document sets out the broad governance framework within which the SDA and the MOD operate. It sets out the SDA's core responsibilities, describes the governance and accountability framework that applies between the roles of the MOD, and the SDA, and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.

The document does not convey any legal powers or responsibilities, but both parties agree to operate within its terms.

Copies of the document have been, and any subsequent amendments will be, placed in the libraries of both Houses of Parliament and made available to members of the public on the GOV.UK website².

This Framework Document should be reviewed and updated at least every three years unless there are exceptional reasons that render this inappropriate that have been agreed with HMT and the Principal Accounting Officer of the MOD. The latest date for review and updating of this document is 2028.

¹ [Managing Public Money handbook](#).

² [SDA Framework Documents](#).

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Status and Purpose of the SDA

Objectives

1. The MOD and the SDA share the common objective of maintaining in-service submarines and delivering new submarines into service. To achieve this, the SDA and the MOD shall work together in recognition of each other's roles and areas of expertise, providing an effective environment for the SDA to achieve its objectives through the promotion of partnership and trust, and ensuring that the SDA also supports the strategic aims and objectives of the department and wider government.

Classification

2. The SDA has been classified as a central government organisation by the HMT Classifications Team.
3. It has been administratively classified by the Cabinet Office as an Executive Agency of the MOD and granted certain freedoms from Cabinet Office controls. Further detail on these operating freedoms is at Annex A.

Purpose

4. The purpose of the SDA is to be the Defence Nuclear Enterprise's (DNE) delivery agent for submarines. This is a through-life role that covers the full lifecycle of submarine development, build, maintenance, upgrade, and disposal.
5. The SDA has been established by the MOD and, as an Executive Agency, does not have a separate legal personality to the department.

Aims

6. The SDA's mission is to deliver available and capable submarines to the Royal Navy for the defence of the Nation. This primarily requires that the SDA contracts for and oversees the build of submarines for use tomorrow and plans for, and contracts for the support of today's operational submarines, but its work spans the full lifecycle of a submarine:
 - Supporting the development of new concepts and technologies
 - The Design Authority for new submarines: undertaking design activity and setting design parameters for suppliers
 - The through-life safety and configuration management of submarine design
 - The through-life management of security: secure by design
 - Commissioning the supply chain to build new nuclear submarines to the required drumbeat
 - Managing government furnished services and equipment into both build and maintenance activities
 - Certifying new submarines (and military surface ships) as safe to operate
 - Planning for and commissioning the supply chain to support scheduled and unscheduled maintenance, and provide technical advice
 - Planning and commissioning the supply chain to develop and install upgraded capabilities
 - Managing inventory for boat availability
 - Considering deviations from the 'as designed' standard
 - Creating the capabilities to deal with nuclear liabilities from the Defence Nuclear Enterprise
 - Commissioning the defueling, dismantling and disposal of legacy submarines

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- Storage and preservation of legacy submarines in advance of dismantling activity
 - Delivering or ensuring appropriate infrastructure and people capacity throughout the supply chain.
7. In support of these activities, the SDA also nurtures its international relationships (especially with the USA) to sustain capability and fulfil its role in international partnerships, including in the 1958 Mutual Defence Agreement and the 1963 Polaris Sales Agreement. It is now also expanding its relationship with Australia given the mutual interests shared in the Indo-Pacific and in support of the trilateral security pact between Australia, the United Kingdom and the United States (AUKUS).
 8. The continual development of the SDA's capacity and capabilities is also a key area of focus, including developing and implementing business strategy, governing activities, overseeing facilities, IT and information assets, ensuring the organisation is fit for purpose, and that its people are engaged and can contribute to their fullest.

Governance and Accountability

9. The SDA is led by its Chief Executive Officer (CEO) who is responsible for the performance and administration of the agency. The SDA shall have an advisory board that contains both executive and non-executive members. The board will provide advice, scrutiny and challenge to the CEO and executive team; however, non-executive members will not have decision making authority. Detailed responsibilities of the board shall be set out in the board terms of reference.
10. The SDA shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this Framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
11. In particular (but without limitation), the SDA should:
 - Comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice³ (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report
 - Comply with Managing Public Money
 - In line with Managing Public Money have regard to the relevant Functional Standards⁴ as appropriate and in particular those concerning Finance, Commercial and Counter Fraud
 - Take into account the codes of good practice and guidance set out in Annex B of this Framework document, as they apply to ALBs.
12. In line with Managing Public Money Annex 3.1, the SDA shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that the SDA does intend to materially depart from the Code, the Sponsor, Chief of Defence Nuclear, should be notified in advance.

³ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

⁴ <https://www.gov.uk/government/collections/functional-standards>

Role of the department

The Responsible Minister

13. The Secretary of State for Defence is accountable to Parliament for all aspects of Defence, including the SDA and its performance, strategy, operation and the effectiveness of its governance arrangements. The Secretary of State is the 'Responsible Minister' for the SDA.
14. The Secretary of State:
 - Agrees this Framework Document
 - Approves the SDA Corporate Plan
 - Appoints the Independent non-Executive Members (NEMs) to the Board that advises and challenges the SDA Chief Executive Officer (CEO)
 - Endorses the appointment of the Chair of the SDA Board and SDA CEO prior to formal approval by the Prime Minister⁵.

Appointments to the Board

15. The Responsible Minister shall have the following appointment and approval rights in relation to the SDA's Board:
 - Appointment of the Chair, whilst not regulatory, shall be managed in accordance with the principles of the Public Appointments Order in Council as closely as practicable.
 - Appointment of Non-Executive members, whilst also not regulatory, shall be managed in accordance with the principles of the Public Appointments Order in Council as closely as practicable.
 - All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds.

Other Ministerial powers and responsibilities

16. The Responsible Minister is also responsible for:
 - The policy framework within which the SDA operates
 - Setting the performance framework within which the SDA will operate including approving the SDA's Strategy and Annual Plan
 - Matters regarding spending approvals, acquisitions, disposal, and joint ventures in line with delegations as set out in the delegation letter
 - Such other matters as may be appropriate and proportionate.

The Principal Accounting Officer and Additional Accounting Officer

17. The MOD Permanent Secretary is the senior civilian adviser on Defence and is the Principal Accounting Officer (PAO).
18. The PAO has appointed the Chief of Defence Nuclear (CDN) as the Additional Accounting Officer (AAO) for the Defence Nuclear Enterprise (DNE). CDN is head of the Defence Nuclear Organisation (DNO) and accountable for the DNO's performance to the PAO. CDN is AAO for the DNO budget and the Top-Level Budget (TLB) holder for the DNO.

⁵ In accordance with the guidance on [Governance Code on Public Appointments](#).

Specific Accountabilities and Responsibilities

19. The Permanent Secretary is the Principal Accounting Officer (PAO) for the MOD and is accountable to Parliament for the use of resources by the MOD as a whole.
20. As MOD PAO, the Permanent Secretary designates the Chief Executive Officer (CEO) as the SDA's Accounting Officer (AO) for the SDA's operating expenditure and ensures that they are fully aware of their responsibilities. The CEO is directly accountable to parliament for the use of resources by the SDA.
21. As AAO, the CDN is responsible for the DNO Budget and sets the SDA's OPEX for the CEO. The AAO provides assurance to the PAO, who remains ultimately accountable.
22. The respective responsibilities of the PAO and AOs for ALBs are set out in Chapter 3 of Managing Public Money.
23. The PAO is responsible for advising the Responsible Minister on:
 - An appropriate framework of objectives and targets for the SDA in the light of the department's wider strategic aims and priorities
 - An appropriate budget for the SDA in the light of the MOD's overall public expenditure priorities
 - How well the SDA is achieving its strategic objectives and whether it is delivering value for money
 - The exercise of the Ministers' statutory responsibilities concerning the SDA as outlined above.
24. The PAO is also responsible for ensuring arrangements are in place in order to:
 - Monitor the ALB's activities and performance
 - Address significant problems in the ALB, making such interventions as are judged necessary
 - Periodically and at such frequency as is proportionate to the level of risk, carry out an assessment of the risks both to the department and the ALB's objectives and activities in line with the wider departmental risk assessment process
 - Inform the ALB of relevant government policy in a timely manner
 - Bring ministerial or departmental concerns about the activities of the ALB to the full SDA Board, and, as appropriate to the departmental Board, requiring explanations and assurances that appropriate action has been taken.
 - Recommending the SDA Chair and the non-executive members for appointment by the Responsible Minister, sets the objectives, and oversees the performance appraisal, for the Chair of the SDA Board and the SDA CEO.
25. The PAO may choose to delegate certain responsibilities to the AAO.

The Role of the Sponsor

26. The Sponsor of the SDA is Chief of Defence Nuclear. They provide advice to the Responsible Minister on the discharge of their responsibilities in respect of the SDA. They also support the PAO in their responsibilities toward the SDA.
27. Chief of Defence Nuclear will:
 - Define the SDA's policy and financial framework
 - Produce and update this Framework Document, and secure the agreement of the Responsible Minister
 - Endorse the SDA's Corporate Plan, including annual progress statements and strategic and financial Key Performance Indicator updates (engaging with HMT as necessary, prior to its approval by the Responsible Minister)

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- Review performance against plans, achievement against targets and expenditure against spending allocations
 - Assist the SDA in its corporate planning process by providing information about likely policy developments or other changes that could impact on the SDA
 - Manage and recommend the recruitment of the SDA CEO, subject to consultation with the Responsible Minister, and approve the SDA CEO's remuneration.
 - Manage the recruitment of the SDA Chair and the issue of their Appointment Letter
 - Endorse the appointment of Independent NEMs
 - Agree the Board's Terms of Reference
 - Be assured, through discussions with the SDA CEO, that senior Executive appointments in the SDA are appropriate
 - Formally review the SDA's performance, in consultation with the First Sea Lord.
 - Appoint Government non-executive members of the Board.

Resolution of Disputes Between the SDA and Department

28. Any disputes between the department and the SDA will be resolved in as timely a manner as possible. The department and the SDA will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the Chief of Defence Nuclear will be used to resolve the issue. They may then choose to ask the Permanent Secretary to nominate a non-Executive member of the department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

Freedom of Information requests

29. Where a request for information is received by either party under the Freedom of Information Act 2000, or the Data Protection Act 1998 or 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

Reporting on Legal Risk and Litigation

30. The SDA shall update the Chief of Defence Nuclear at least quarterly on any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the Sponsor in a timely manner.

31. In respect of each substantial piece of litigation involving the SDA, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the Chief of Defence Nuclear to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

- Material developments in the litigation are communicated to the Chief of Defence Nuclear in an appropriate and timely manner
- Legally privileged documents and information are clearly marked as such
- Individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
- Circulation of privileged information within government occurs only as necessary

The SDA governance structure

The Chief Executive Officer

32. The role of the SDA CEO is to lead and manage the SDA, ensuring that the organisation can effectively deliver the requirement set by DNO and Navy Command, supporting the broader Defence Nuclear Enterprise. As well as delivering in the short-term, the SDA CEO must develop and implement an overarching, coherent strategy for the long-term sustainment of an affordable submarine delivery and support capability. The CEO will set the strategy for the SDA to be delivered through the Corporate Plan and the Programme of Work captured in the Submarine Acquisition Support Plan (SASP), a tripartite agreement between the SDA, the DNO and Navy Command that sets out the strategic outcomes (for capital projects and in-service support) and relative responsibilities of each organisation. The CEO is line managed by CDN and is functionally accountable to the First Sea Lord for delivery of the Royal Navy programme of work set out in the SASP.
33. The Chief Executive of the SDA is appointed by the Prime Minister with the endorsement of the Defence Secretary of State. Whilst not subject to the Public Appointments Order in Council, the appointment shall be managed in accordance with the principles of the Public Appointments Order in Council as closely as practicable.
34. Should Chief of Defence Nuclear judge that the Chief Executive's performance is not satisfactory and is an obstacle to effective organisational delivery, they will be able to recommend to the Permanent Secretary and Responsible Minister that the Chief Executive be removed from his or her post before their fixed appointment is due to end. Should the Permanent Secretary and Responsible Minister agree with the recommendation, Chief of Defence Nuclear will provide the Chief Executive with a notice of termination, and any benefit payouts will be provided in line with their contract.

Responsibilities as Accounting Officer

35. The CEO as Accounting Officer (AO) is personally responsible for safeguarding the public funds for which they have charge in line with the Managing Public Money handbook; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the SDA. In addition, they should ensure that the SDA is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of Managing Public Money. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of the MOD.

Responsibilities for Accounting to Parliament and the Public

36. Responsibilities to Parliament and the public include:

- Signing the agency's accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State
- Preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the Annual Report and Accounts
- Ensuring that effective procedures for handling complaints about the SDA in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established and made widely known within the SDA and published on the GOV.UK website

- Acting in accordance with the terms of Managing Public Money and other instructions and guidance issued by the Department (MOD), the Treasury and the Cabinet Office
- Ensuring that as part of the above compliance they are familiar with and act in accordance with this Framework Document, and any delegation letter issued to the SDA, and any elements of any settlement letter issued to the MOD that is relevant to the operation of the SDA.
- Ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents
- Giving evidence, normally with the PAO or AAO, when summoned before the Public Accounts Committee (PAC) on the SDA's stewardship of public funds.

Responsibilities to the Departmental Sponsor

37. Responsibilities to the Departmental Sponsor, Chief of Defence Nuclear, include:

- Establishing, in agreement with the department, the SDA's Corporate Plan in light of the department's wider strategic aims and agreed priorities
- Informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives
- Ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion.
- Advising the Chief of Defence Nuclear and the First Sea Lord, or their delegates, and the SDA Board, each quarter on the SDA's performance against its aims and objectives.

Responsibilities to the Board

38. The CEO is responsible for:

- Providing the Board insight and access to the SDA to enable its role (as described below) and for drawing, as appropriate, on the experience and knowledge of the Board when developing strategies for agency effectiveness in delivery of the SDA's programme of work
- advising the Board on the discharge of their responsibilities as set out in this document, any relevant legislation and in any other relevant instructions and guidance that may be issued from time to time
- advising the Board on the SDA's performance compared with its aims and objectives
- ensuring that financial considerations are taken fully into account by the Board at all stages in its provision of advice.

Managing conflicts

39. In executive agencies, final decisions, responsibility and accountability rest with the Chief Executive as accounting officer. It is expected that they should consult and consider the advice of the Board on matters that significantly impact agency performance and reputation. Any matters of material disagreement should be referred to the CDN, and ultimately to Secretary of State.

40. If the Board, or its chairperson, is recommending a course of action involving a transaction which the Chief Executive considers would infringe upon the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility or is unethical, the Chief Executive in their role as AO should reject that course of action.

41. The Chief Executive must ensure the Board have a full opportunity to discuss the rationale. The Chief Executive should confirm the rationale for not following the advice of the Board in writing to

the Chair of the Board and the Principal Accounting Officer and copy that to the Treasury Officer of Accounts.

42. If the responsible Minister agrees with the proposed course of action of the Board, it may be appropriate for the Minister to direct the AO in the manner as set out in MPM paragraph 3.6.6 onwards.

The Board

43. The SDA Board has no delegated executive authority and so is advisory by nature. The Board's role is to provide leadership, advise on strategy and the deliverability of policies, maintain high standards of corporate governance, ensure that controls are in place to manage risk, scrutinise performance, and be the forum for challenge on how well the agency is achieving its objectives as set out above, and their responsibilities under this Framework document. Final decisions and the responsibility and accountability for those rest with the Chief Executive Officer.
44. The Board will review the performance and internal health of the SDA on a quarterly basis on behalf of CDN and First Sea Lord (although they might also attend such reviews). It will also review the strategy and plans of the SDA and make challenge, as appropriate, regarding the completeness and deliverability of these, including judgements on whether the SDA has the resources (both people and financial) to deliver its programme of work.
45. Detailed responsibilities of the Board shall be set out in the Board Terms of Reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual (FReM)⁶.

Composition of the Board

46. The Board will consist of a chairperson and non-executive members that have a balance of skills and experience including experience of HR, data, technology, organisational performance management and corporate services to ensure the SDA CEO and executive members are supported and constructively challenged in their role. They will help the CEO support and improve the health of the SDA and the execution its programme of work. The CEO, Deputy CEO and CFO will also be members of the Board.
47. The Board will include an appropriately qualified finance director as described in Annex 4.1 of Managing Public Money. The Board should include a majority of independent non-executive members to ensure that executive members are supported and constructively challenged in their role.
48. SDA Board appointments should follow principles of the Governance Code on Public Appointments⁷. Board members should comply with the guidance set out in the Cabinet Office's Code of Conduct for Board Members of Public Bodies⁸.

Board Committees

49. The Board may set up such committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive member of the Board.

⁶ <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

⁷ <https://www.gov.uk/government/publications/governance-code-for-public-appointments>

⁸ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

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50. While the Board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration, it advises on final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.
51. Where there is disagreement between the relevant committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsor team, PAO and Responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.
52. The Chair should ensure Board committees are properly structured with appropriate Terms of Reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the Board. The Chair should ensure that committee membership is periodically refreshed, and that individual independent non-executive members are not over-burdened when deciding the chairs and membership of committees.
53. The Audit and Risk Committee will:
- oversee the financial and operating controls in the SDA, and ensure they are compliant with the delegations afforded to the SDA and the SDA CEO's scope of responsibilities as Accounting Officer for operating expenditure of the SDA
 - oversee risk management strategies in the SDA and ensure they are adequate
 - oversee the generation of accurate financial reports and production of financial statements, consistent with the requirements of Managing Public Money, the SDA CEO's obligations as Accounting Officer, and other applicable government requirements
 - endorse the SDA's Annual Report and Accounts
 - provide independent advice and ensure that the department's Audit and Risk Assurance committee are provided with routine assurances with escalation of any significant limitations or concerns.
54. The Remuneration Committee will review the SDA's remuneration policies and incentive policies to fulfil the objectives of the SDA (within the freedoms and delegations afforded to the SDA⁹)

Duties of the Board

55. The SDA Board shall advise, critique and provide constructive challenge to the CEO and executive team on:
- establishing and taking forward the strategic aims and objectives of the SDA, consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State
 - providing effective leadership of the SDA within a framework of prudent and effective controls which enables risk to be assessed and managed
 - ensuring the financial and human resources are in place for the SDA to meet its objectives
 - reviewing management performance
 - ensuring that the Board receives and reviews regular financial and management information concerning the management of the SDA.
 - ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of the SDA or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the Responsible Minister and PAO via the executive team, Sponsor or directly

⁹ See Annex A.

ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of any statutory authority and any delegated authority agreed with the MOD, and in accordance with any other conditions relating to the use of public funds

- ensuring that in reaching decisions, the Executive Team takes into account guidance issued by the MOD
- ensuring that as part of the above compliance they are familiar with:
 - this Framework document,
 - any delegation letter issued to the body
 - any elements of any settlement letter issued to the MOD that is relevant to the operation of the SDA
 - any separate settlement letter that is issued to the SDA from the MOD
 - that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the CEO and the SDA as a whole act in accordance with their obligations under the above documents
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address key financial and other risks
- putting in place mechanisms for independent appraisal and annual evaluation of the performance of the chairperson by the independent non-executives, taking into account the views of relevant stakeholders. The outcome of that evaluation should be made available to the responsible Minister
- The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (The Orange Book)¹⁰

The Chair's Role and Responsibilities

56. The SDA Chair is responsible for leading the SDA Board in the delivery of its responsibilities. Such responsibility should be exercised in light of their duties and responsibilities as set out in their appointment letter, the priorities in the Chair's letter issued to them by the Chief of Defence Nuclear, any relevant statute governing the SDA, this document and the documents and guidance referred to within this document.
57. The SDA chair is endorsed by the Defence Secretary of State prior to formal approval by the Prime Minister. Whilst not subject to the Public Appointments Order in Council, the appointment shall be managed in accordance with the principles of the Public Appointments Order in Council as closely as practicable.
58. The SDA Chair will maintain a regular dialogue with the CDN and First Sea Lord. Communications between the SDA Board and the Responsible Minister should normally be through the Chair.
59. The Chair is bound by the Code of Conduct for Board Members of Public Bodies¹¹, which covers conduct in the role and includes the Nolan Principles of Public Life¹².

¹⁰ <https://www.gov.uk/government/publications/orange-book>

¹¹ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

¹² [The Seven Principles of Public Life](#)

60. In addition, the Chair is responsible for:

- Ensuring including by monitoring and engaging with appropriate governance arrangements that the SDA's affairs are conducted with probity
- Ensuring that policies and actions support the Responsible Minister's wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout the SDA

61. The Chair has the following leadership responsibilities:

- Formulating the Board's approach and focus and agreeing this with CDN
- Ensuring that the Board, in formulating recommendations, takes proper account of guidance provided by the Responsible Minister or the department
- Recommending independent non-Executive Members for appointment
- Promoting the efficient and effective use of staff and other resources
- Supporting high standards of regularity and propriety

62. The Chair also has an obligation to ensure that:

- The work of the Board and its members is reviewed and is working effectively, including ongoing assessment of the performance of individual Board members with a formal annual evaluation and more in-depth assessments of the performance of individual Board members when being considered for re-appointment
- In conducting assessments, that the view of relevant stakeholders including employees and the Chief of Defence Nuclear are sought and considered
- That the Board has a balance of skills appropriate to advising on the SDA's business, and that all members, including the Chair and CEO, continually update their skills, knowledge and familiarity with the SDA to fulfil their roles both on the Board and committees. This will include, but not be limited to, skills and training in relation to financial management and reporting requirements, risk management and the requirements of Board membership within the public sector
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities
- They, together with the other Board Members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- Advise the Responsible Minister through the CEO and Chief of Defence Nuclear, of the SDA's needs when Board vacancies arise
- There is a Board code of practice in place setting out the role and responsibilities of the Board consistent with the Corporate Governance in Central Government: Code of Good Practice¹³

Termination of the Chair

63. Should the SDA Chair's performance not be considered satisfactory, Chief of Defence Nuclear will be able to recommend to the Permanent Secretary and Responsible Minister that the Chair be removed from his or her post before their appointment is due to end. Should the Permanent Secretary and Responsible Minister agree with the recommendation, Chief of Defence Nuclear will provide the Chair with a notice period and any payments in line with their letter of appointment.

¹³ [Corporate Governance in Central Government: Code of Good Practice.](#)

Individual Board Members' Responsibilities

64. In the conduct of their roles, Board members should:

- comply with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest
- Demonstrate adherence to the 12 Principles of Governance for all Public Body non-Executive Directors as appropriate¹⁴
- Not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interest or those of connected persons or organisations
- Comply with the Advisory Board's rules on the acceptance of gifts and hospitality, and of business appointments
- Act in good faith and in the best interest of the SDA
- Ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HMT Treasury or wider government.

¹⁴ <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

Management and Financial Responsibilities and Controls

Delegated Authorities

65. The SDA's delegated authorities are set out in the delegation letter issued by CDN to SDA CEO. This delegation letter may be updated and superseded by later versions which may be issued by the MOD in agreement with HMT.
66. In line with Managing Public Money Annex 2.2, these delegations will be reviewed on an annual basis.
67. The SDA shall obtain the department's prior written approval before:
 - Entering into any undertaking to incur any expenditure that falls outside the delegations, or which is not provided for in the SDA's annual budget as approved by the department
 - Incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
 - Making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department
 - Making any change of policy or practice which has wider financial implications that might prove repercussive, or which might significantly affect the future level of resources required
 - Carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

Spending Authority

68. Once the budget has been approved by the DNO or Navy Command (as appropriate), the SDA shall have authority to incur expenditure approved in the budget without further reference to the DNO or Navy Command, on the following conditions:
 - The SDA shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the MOD and as agreed by HMT and Cabinet Office as appropriate
 - The SDA shall comply with Managing Public Money regarding novel, contentious or repercussive proposals
 - Inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed
 - The SDA shall provide the MOD with such information about its operations, performance, individual projects or other expenditure as the MOD may reasonably require

Banking and Managing Cash

69. The SDA must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).
70. The SDA should only hold money outside Government Banking Service accounts where a good business case can be made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.

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71. Commercial accounts where approved should be operated in line with the principles as set out in Managing Public Money.
 72. The AO is responsible for ensuring the SDA has a banking policy as set out in Managing Public Money and ensuring the policy is complied with.

Procurement

73. The SDA shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Public Contracts Regulations 2015.
74. The SDA shall establish its procurement policies and document these where they deviate from those of the MOD.
75. In procurement cases where the SDA is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the department via the Chief of Defence Nuclear.
76. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to the department.
77. Procurement by the SDA of works, equipment, goods, and services shall be based on a full option appraisal and value for money, i.e., the optimum combination and whole life costs and quality (fitness for purpose).
78. The SDA shall:
 - Engage fully with department and government-wide procurement initiatives that seek to achieve value for money from collaborative projects
 - Comply with all relevant Procurement Policy Notes issued by Cabinet Office
 - Co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of value for money.
79. The SDA shall comply with the commercial¹⁵ and grants standards¹⁶. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and ALBs, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

Risk Management

80. The SDA shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts¹⁷.

¹⁵ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

¹⁶ <https://www.gov.uk/government/publications/grants-standards>

¹⁷ <https://www.gov.uk/government/publications/orange-book>

Counter Fraud and Theft

81. The SDA should adopt and implement policies and practices to safeguard itself against fraud and theft.
82. The SDA should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in Managing Public Money Annex 4.9 and the Counter Fraud Functional Standard¹⁸. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract.
83. The SDA should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the SDA and notify the department of any unusual or major incidents as soon as possible. The SDA should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

Staff

Broad Responsibilities for Staff

84. Within the arrangements approved by the Responsible Minister and HMT, the SDA will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
 - The rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued, appointment and advancement are based on merit, there is no discrimination against employees with protected characteristics under the Equality Act 2010
 - The level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
 - The performance of its staff at all levels is satisfactorily appraised and the SDA performance measurement systems are reviewed
 - Its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the SDA's objectives
 - Proper consultation with staff takes place on key issues affecting them
 - Adequate grievance and disciplinary procedures are in place
 - Whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place

Staff Costs

85. Subject to its delegated authorities, the SDA shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.
86. The SDA CEO will ensure the optimum balance of civilian, military and contract staff on permanent and fixed-term appointments to achieve the most effective and efficient delivery of the SDA's products and services. The CEO has delegated authority to manage the SDA's staff and to recruit to fill vacant posts directly, determining their tenure and other conditions of appointment. Any changes to the total staff complement should be made within the extent of the freedoms set out in Annex A; any changes outside these freedoms will require external justification and agreement with the MOD, HMT and/ or Cabinet Office.

¹⁸ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

Pay and Conditions of Service

87. The SDA's civilian staff are civil servants and subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the department and the Treasury. For day-to-day management of staff, the SDA operates as a discrete entity within the MOD.
88. If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates. Prior approval for SDA is granted through Annex A to this document.
89. Pay and personnel freedoms granted by the Cabinet Office and HMT to the SDA are set out at Annex A. Through this delegation, the SDA CEO has responsibility for the management of staff and for developing and implementing personnel policies to meet the needs of the Executive Agency, and for ensuring the quality and consistency of personnel standards and practices.
90. This is carried out under the provisions of the Civil Service (Management Functions) Act 1992. In exercising this authority, the CEO will be cognisant of best practice across the wider Civil Service and Government and MOD policies, on Civil Servants' terms and conditions. Remuneration of senior executives will take into account the advice of the SDA People and Remuneration Committee. Appointments at Senior Civil Servant Pay Band 3 will be made in conjunction with the Permanent Secretary and the CDN.
91. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments. The SDA shall abide by public sector pay controls, including the relevant approvals process dependent on the organisation's classification as detailed in the Senior Pay Guidance and the Public Sector Pay and Terms Guidance¹⁹.
92. Service personnel will be posted to the SDA in agreement with the Service Secretaries.
93. The terms and conditions of the SDA Chair and independent non-Executive Members on the SDA Board are determined by the MOD and set out in the terms and conditions included within their individual appointment letters. While they are paid by the SDA, they are not civil servants or SDA employees. The travel expenses of board members shall be tied to departmental rates. Reasonable actual costs shall be reimbursed.

Pensions, Redundancy and Compensation

94. Compensation scheme rules and pension scheme rules should reflect legislative and HMT guidance requirements regarding exit payments.
95. SDA staff shall normally be eligible for a pension provided by the Principal Civil Service Pension Scheme. Staff may opt out of the occupational pension scheme provided by the SDA, but that employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.
96. Any proposal by the SDA to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

¹⁹ <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

Intellectual Property Rights (excluding Crown Copyright)

97. Intellectual Property Rights (IPR) generated in the SDA remain vested in the Secretary of State for Defence. These rights are administrated in accordance with the Letter of Authority from the MOD's Director General Commercial to the SDA's Chief Commercial Officer. The IPR (except Crown Copyright) in all work carried out by the SDA is handled in accordance with MOD standard policy and held in the name of the Secretary of State for Defence under the administrative and managerial control of the MOD's Head of Defence Intellectual Property Rights.

Health, Safety and Environmental Protection

98. The SDA will maintain suitable and sufficient policies and arrangements in place regarding health and safety at work, acquisition safety, and environmental protection in line with legislative requirements and the latest MOD and Government guidance. The SDA is regulated by appropriate external bodies (e.g. the Health & Safety Executive, Office for Nuclear Regulation) and internally through the Defence Safety Authority. The SDA will set out these policies and arrangements in an Organisation and Arrangements (O&A) Statement, which will be owned and signed by the SDA Chief Executive Officer and reviewed on a periodic basis. The O&A Statement will describe how the SDA plans to ensure and assure that it has suitable arrangements in place to protect employees, those who may be affected by the SDA activities, the users of equipment and services procured for the Armed Forces and the environment from unintentional harm.

99. The SDA will incorporate sustainable development principles in all its strategies, policies, decision-making processes and associated programmes, projects and activities, as stipulated in the MOD's policy.

Safety and Environmental Performance of Military Systems

100. In addition to the SDA Chief Executive Officer's general responsibilities, they are also responsible for ensuring that governance, systems and processes are in place to deliver safe military systems and to ensure that:

- Users are fully informed of the requirements, and where appropriate restrictions for the use and deployment of equipment; and understand the skills and competence requirements needed to operate and maintain equipment according to defined procedures, instructions, JSPs, statutory and regulatory requirements and Departmental policy
- Equipment delivered is fit for purpose and complies with legislation and departmental policy, and that the safety and environmental risks when used in accordance with design assumptions are 'as low as reasonably practicable', and
- Sufficient through-life funding is agreed with sponsors and users to achieve this

Corporate Plan, Financial Reporting and Management Information

Corporate Plan

101. The Corporate Plan is the SDA's publicly available three-year business plan. It is published every three years and supplemented in each intervening year with an annual progress statement and Objectives, Goals, Strategies and Measures (OGSM) update. The draft Corporate Plan shall be submitted to the department for review. The SDA shall agree with the department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the SDA's statutory and other duties, and, within those duties, the priorities set from time to time by the Responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the SDA contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones. This should be in the wider context of the Defence Nuclear Enterprise objectives and be developed in consultation with the DNO and Navy Command.
102. The Corporate Plan shall form the SDA's business plan for the period. It shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department. Subject to any commercial considerations, the Corporate Plan and its supplementary annual progress statements and OGSM updates for the year ahead should be published by the SDA on its website, and separately be made available to its employees.
103. The following key matters should be included in the plans:
 - Key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives
 - Key non-financial performance targets
 - A review of performance in the preceding financial year, together with comparable outturns for the previous 2-5 years, and an estimate of performance in the current year
 - Alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast
 - Other matters as agreed between the department and the SDA

Budgeting Procedures

104. Each year, in the light of decisions by the department on the updated draft Corporate Plan, the department will send to the SDA by March:
 - A formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the department
 - A statement of any planned change in policies affecting the SDA.
105. The Corporate Plan will take account of approved funding provision. It will include forecasted annual expenditure for each year of the three-year business plan. Actual annual expenditure will be published in the SDA's Annual Report and Accounts.

Annual Report and Accounts

106. The SDA must publish an annual report of its activities together with its audited accounts for the agency's Operating Expenditure after the end of each financial year. In addition, the SDA shall provide the department its finalised (audited) Equipment Programme accounts by November each year in order for the accounts to be consolidated within the MOD's. A draft of the report should be submitted to the department, in line with required timescales, before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department as well as HMT's Financial Reporting Manual (FReM).
107. The annual report must:
 - Cover any corporate, subsidiary or joint ventures under its control
 - Comply with the FReM and in particular have regard to the illustrative statements for an executive agency²⁰
 - Outline main activities and performance during the previous financial year and set out in summary form forward plans.
108. Information on performance against key financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on the SDA website, in accordance with the guidance in the FReM.

Reporting Performance to the Department

109. The SDA shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its Corporate Plan.
110. SDA performance is reviewed formally by the Chief of Defence Nuclear and the First Sea Lord, or their delegates, and the SDA Board each quarter.
111. The SDA shall inform the Chief of Defence Nuclear of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, and the achievement of key objectives through its quarterly performance review.
112. The Responsible Minister will meet with the SDA CEO, at least once a year. The Permanent Secretary, as PAO, will meet the SDA CEO at least once a year.
113. The AAO will meet with the SDA Chair and with the SDA CEO as part of routine business.

Information Sharing

114. The department has the right of access to all the SDA records and personnel for any purpose including, for example, sponsorship audits and operational investigations.
115. The SDA shall provide the department with such information about its operations, performance, individual projects or other expenditure as the MOD may reasonably require.
116. The department and HMT may request the sharing of data held by the SDA in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship. As a minimum,

²⁰ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21>

the SDA shall provide the department with information monthly that will enable the department satisfactorily to monitor:

- SDA's cash management
- Forecast outturn by resource headings
- Other data required for the Online System for Central Accounting and Reporting (OSCAR)
- Data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter.

Audit

Internal Audit

117. The SDA shall:
- Establish and maintain arrangements for internal audit and/or ensure that the MOD's internal audit team have complete access to all relevant records
 - Ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HMT²¹
 - Maintain an audit committee in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook
 - Forward the audit strategy, periodic audit plans and annual audit report, including the Head of Internal Audit opinion on risk management, control and governance as soon as possible to the MOD
 - Keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the SDA and notify the department of any unusual or major incidents as soon as possible
 - Share with the department information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on the MOD's responsibilities in relation to financial systems within the SDA
118. The Government Internal Audit Agency (GIAA) is tasked by the Permanent Secretary and the Defence Audit Committee to carry out audits on all MOD departments. GIAA should have continuous unrestricted access to all records, personnel, property, and operations of the MOD including its arm's length bodies, with strict responsibility for confidentiality and safekeeping, and compliance with all statutory instruments relating to the use, retention and disclosure of data. GIAA may attend Audit and Risk Committee meetings as observers.
119. The SDA will use the services of GIAA and will agree an annual internal audit programme with them.

External Audit

120. The Comptroller & Auditor General (C&AG) audits the SDA's annual accounts and passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before Parliament.
121. The C&AG:
- Will consult the MOD and the SDA on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG
 - Has statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the SDA
 - Will share with the department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the department's responsibilities in relation to financial systems within the SDA
 - Will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent

²¹ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion

122. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the SDA has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the SDA shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Reviews and winding up arrangements

Review of ALB's status

123. The SDA will be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the department's ministers and their PAO, taking advice from CDN as AAO.

Arrangements in the event that the ALB is wound up

124. The department will put in place arrangements to ensure the orderly winding up of the SDA. In particular it should ensure that the assets and liabilities of the SDA are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the MOD), To this end, the department shall:
- Have regard to Cabinet Office guidance on winding up of ALBs²²
 - Ensure that procedures are in place in the SDA to gain independent assurance of key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
 - Specify the basis for the valuation and accounting treatment of SDA's assets and liabilities
 - Ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts
 - Arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the department's AO should sign.
125. The SDA shall provide the department with full details of all agreements where the SDA or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to the SDA.

²²<https://www.gov.uk/guidance/public-bodies-reform#closure-of-public-bodies>

Annexes

- A. Delegated Freedoms
- B. Guidance

Annex A: Delegated Freedoms

The principle being applied in this Framework Document is that the SDA will have the fullest possible freedom to manage its workforce and to organise itself consistent with delivery of its objectives. Specifically, this freedom of operation will include that:

1. The Department will agree with the SDA an operating cost envelope. Within this cost envelope, the SDA will have the freedom to manage all aspects of its workforce as necessary to meet its business needs. In doing so, the SDA's pay strategy will be treated as separate from that of the MOD²³.
2. The SDA will have the freedom to pay 11 members of its staff more than the normal senior salary cap set by HMT. The details of this arrangement are set out in correspondence from the Chief Secretary to the Treasury. Future Chair and Chief Executive Officer (CEO) appointments, as well as any additional appointments (above the 11) at salaries higher than the salary cap, require HMT agreement.
3. To meet its business needs, the SDA will be exempt from the relevant Cabinet Office Controls as set out in correspondence from the Minister for Implementation. This includes exemptions from controls on external recruitment, non-specialist Civil Service Learning and consultancy. The SDA is required to comply with the National Trade Union agreement on surplus staff. However, SDA can apply for a block exemption for specialist posts.
4. Staff exits from SDA do not require Cabinet Office approval if a scheme or exit is compliant with the Civil Service Compensation scheme rules. However, authorisation to use more than one per month per year or to count other service will remain with Minister Cabinet Office. To assist Cabinet Office monitoring, SDA will continue to provide details of each scheme (numbers, type, expected cost, outline rationale). Special severance arrangements that could be deemed novel and contentious will continue to require TMT/Cabinet Office approval.
5. For commercial transactions, the SDA will work with the Cabinet Office on an on-going basis to operate a proportionate assurance mechanism that provides oversight appropriate to the scale and complexity of the SDA's business. Arrangements for this mechanism will be agreed between the Government Commercial Function and the MOD Commercial Director. The commitment to transfer expenditure and to work in collaboration with the Crown Commercial Service remains in place. The SDA will continue to participate in the wider commercial agenda under the auspices of the Chief Procurement Officer.

The SDA will ensure that the freedoms are exercised transparently and will comply with government policy to both publish relevant information and provide details both to the Treasury and the Cabinet Office for monitoring purposes.

²³ Civil Service Management Code paragraph 7.1.3 states that a business case is required for major pay and grading changes. This clause is met by HMT and the Cabinet Office approving the SDA's Framework Document and Corporate Plan.

Annex B: Guidance

The SDA shall comply with the following guidance, documents and instructions:

Corporate governance

- This Framework Document
- Corporate Governance Code for Central Government Departments (relevant to Arm's Length Bodies) and supporting guidance: <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>
- Code of conduct for Board members of Public Bodies: <https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice#:~:text=This%20code%20of%20good%20practice,partnership%20approach%20to%20shaping%20relationships>
- Code of practice for partnerships between Departments and Arm's Length Bodies: [Partnerships with arm's length bodies: code of good practice - GOV.UK](#)

Financial management and reporting

- Managing Public Money (MPM): <https://www.gov.uk/government/publications/managing-public-money>
- Government Financial Reporting Manual (FRoM): www.gov.uk/government/collections/government-financial-reporting-manual-frem
- Relevant Dear Accounting Officer (DAO) letters: www.gov.uk/government/collections/dao-letters
- Relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts: <https://www.gov.uk/government/collections/whole-of-government-accounts>
- The most recent letter setting out the delegated authorities, issued by the parent department.

Management of risk

- Management of Risk: www.gov.uk/government/publications/orange-book and <https://www.gov.uk/government/publications/management-of-risk-in-government-framework>
- Public Sector Internal Audit Standards: www.gov.uk/government/publications/public-sector-internal-audit-standards
- HMT approval processes for Major Projects above delegated limits: <https://www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects>
- The Government cyber-security strategy and cyber security guidance: <https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and <https://www.gov.uk/government/collections/cyber-security-guidance-for-business>

Commercial management

- Procurement Policy Notes: <https://www.gov.uk/government/collections/procurement-policy-notes>
- Cabinet Office spending controls: <https://www.gov.uk/government/collections/cabinet-office-controls>

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- Transparency in supply chains - a practical guide: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency in Supply Chains A Practical Guide 2017 final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf)

Public appointments

The following are relevant where public bodies participate in public appointments processes.

- Guidance from the Commissioner for Public Appointments: <https://publicappointmentscommissioner.independent.gov.uk/>
- Governance Code on Public Appointments: www.gov.uk/government/publications/governance-code-for-public-appointments
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees: <https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>

Staff and remuneration

- HMT guidance on senior pay and reward: www.gov.uk/government/publications/senior-civil-service-pay-and-reward
- Civil Service pay guidance (updated annually): www.gov.uk/government/collections/civil-service-pay-guidance
- Public sector pay and terms: <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>
- Whistleblowing Guidance and Code of Practice: <https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers>
- The Equalities Act 2010: www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions: www.legislation.gov.uk/ukpga/2000/36/contents and <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration: <https://www.ombudsman.org.uk/about-us/our-principles>
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HMT)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to the SDA.
- Guidance from the Public Bodies team in Cabinet Office: <https://www.gov.uk/guidance/public-bodies-reform>
- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute): <https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025>
- Guidance produced by the Infrastructure and Projects Authority (IPA) on management of major projects: www.gov.uk/government/organisations/infrastructure-and-projects-authority
- The Government Digital Service: www.gov.uk/government/organisations/government-digital-service

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- The Government Fraud, Error, Debt and Grant Efficiency function;
www.gov.uk/government/collections/fraud-error-debt-and-grants-function and
www.gov.uk/government/publications/grants-standards
 - Code of Practice for Official Statistics:
<https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisations%20that%20are%20trustworthy>
 - Accounting Officer System Statements (AOSS are produced by departments with input from ALBs): www.gov.uk/government/publications/accounting-officer-system-statements