



Ministry
of Defence

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MOD Deputy Chief Operating Officer
Ministry of Defence
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Hannah Nixon - SSRO Chair

Sent by email: Hannah.Nixon@ssro.gov.uk

Dear Hannah,

ANNUAL PRIORITIES LETTER TO NON-EXECUTIVE CHAIR OF SINGLE SOURCE REGULATIONS OFFICE (SSRO)

I am grateful for your ongoing leadership of the SSRO Board and in particular I would like to express my personal thanks to you for the substantial time and effort you have put into developing the Board and the Executive team.

This letter sets out my thoughts on the priority areas for your focus for the current financial year and should be read alongside your responsibilities as Chair, set out in your appointment letter and at Annex A. You will appreciate that this letter is being issued later than expected due to challenging resource constraints, the handover of responsibilities from Mark Preston's role to mine and significant ongoing change within MOD in light of the new Government, Defence Reform and the Strategic Defence Review (SDR). As such, this letter is largely a rollover of last year's letter to which I know you have been operating throughout this financial year to date. I intend that we will issue an updated letter for FY25-26 in a timely manner, in light of the outcomes of the SDR and any further changes as a result of Defence Reform.

As an overarching summary, and as you know, the Board's overall strategic priority is to work with the SSRO Executive and stakeholders in MOD and industry towards creating a shared understanding around the purpose of the regulatory regime, the role that SSRO can best play to shape and operate it, and the workforce skills strategy within SSRO needed to do this.

Specific SSRO priorities

As you are aware, during 2024-5, MOD has been reforming the Single Source Contracts Regulations. SSRO's support is key to embedding these changes in the single source procurement process, in particular through delivering comprehensive statutory guidance and ensuring the necessary changes are made to the Defence Contract Analysis and Reporting System. SSRO will continue to require a high degree of expertise, as well as commercial and contractual negotiations experience. As the SSRO Chair, we look to you to lead the Board and provide support and challenge to the Chief Executive and management team.

i) Capability, succession planning and key appointments

The Board should continue to build capacity and capability at the executive level to ensure SSRO has the appropriate experience and expertise to fulfil its statutory and corporate objectives. You should ensure that clear succession plans are in place for Board members and senior leadership, as well as providing insight to the succession planning process to help set out the skills and expertise that the Board needs and to maintain effective oversight of workforce planning. This includes the appointment or re-appointment of non-executive and executive Board members. The Board should also continue to prioritise culture change and demonstrate its commitment to driving improved outcomes on diversity and inclusion at all levels (including senior management). The Board should ensure rigorous follow-up of the Employee Survey results, particularly on inclusion and leadership.

ii) Performance and corporate strategy

The Board should be proactive in its oversight of performance targets through challenging, endorsing, and monitoring delivery of the SSRO corporate plan, and setting stretching, measurable and realistic KPIs aligned with strategic outcomes. It is important that the Board retains a focus on SSRO's delivery against its future challenges, building its capability to ensure that it has the full range of skills that it needs to perform its functions, and applying both its technical expertise and commercial acumen to make sure that the statutory guidance and the products it delivers are maintained, ensuring that its work and priorities reflect the requirements of its stakeholders.

You and the Board will continue to guide the strategic direction and corporate plan for the SSRO to ensure that they embed mutually beneficial relationships with key stakeholders to deliver the identified outcomes, those that SSRO, as a non-departmental public body, has identified in order to balance value for money and fair prices, whilst being aligned with government policy. You will need to take a personal role, alongside the Chief Executive, in advising me, as MOD senior sponsor, about the high-level issues affecting the SSRO. As usual, you should lead an annual review of Board effectiveness, and any deficiencies in the Board's and sub-committees' performance or composition should be addressed.

iii) The economic and industrial context

The SSRO has a vital role in working with MOD and the Defence industry. It is an important time for the organisation, as it supports the Government's drive to deliver value for money in defence procurement whilst ensuring a fair price is paid, enabling an economically strong defence industry in the UK. Your relationship with me, as senior sponsor, and Defence Commercial colleagues and others will be crucial to this, especially as we work through the outcomes of Defence Reform and the SDR.

iv) Accountability and sponsorship

I will welcome our ongoing open engagement and a constructive and genuinely two-way dialogue to maintain a culture of "no surprises" at all levels. I look to you to ensure that the Board routinely considers if any performance issues, risks and wider strategic matters need to be escalated to me, for example if there are real or potential impacts, including reputational, financial or operational, for MOD or wider government; or if there is anything that the Board would like MOD to champion or unblock within MOD or across government. The Board, working with its Audit & Risk Assurance Committee, has a critical role in ensuring appropriate and robust governance and assurance are in place, including for approval controls for spend (including any related to sanctioning), which meets stakeholders' needs and places appropriate emphasis on value for money considerations, complying as appropriate with the government's Corporate Governance Code and Managing Public Money. The Board should maintain close oversight of agreed Board actions, keep a tight focus on efficiency and value for money, and ensure alignment with government Functional standards.

Should you have any concerns about the SSRO, please do not hesitate to raise these with me as the senior sponsor as soon as possible. I also ask that you continue to meet at least once a year with the Minister for Defence Procurement & Industry, as well as having regular meetings with myself and the MOD DG Commercial.

Thank you once again for all that you are doing for the SSRO.

Yours sincerely,

Deana

Deana Rouse

**Director Head Office and Business Operations
& MOD Deputy Chief Operating Officer**

Annex A: Governance expectations of the Chair

The MOD expects the Chairs of its ALBs to lead their boards in an effective and collegiate manner, and adhere to best practice corporate governance standards in undertaking their roles. It is your responsibility, as SSRO Chair to lead the SSRO Board, and ensure that it undertakes all of its responsibilities, as set out in The Defence Reform Act 2014 and the SSRO's governance framework, including the Board Terms of Reference and Framework Document. The Chair should set the tone from the top of SSRO and promote an effective and appropriate culture in both the boardroom and the wider organisation.

Your responsibilities are to act in accordance with the highest standards of corporate governance, and are complemented by requirements and expectations of you by HM Government. Below is a list of some of the core governance expectations of the MOD regarding your duties as Chair encompassing both of these elements. This list is not intended to be exhaustive, and does not supplant any responsibilities set out in SSRO's governing documentation. You will be familiar with the standard duties of a Chair set out in the [Corporate Governance Code](#), [Managing Public Money](#), and the principles in the [Financial Reporting Council's UK Corporate Governance Code](#). These are a benchmark for good practice in corporate governance.

Set the Board's agenda

You should set the SSRO Board's agenda in good time ahead of a Board meeting. There should be sufficient visibility of items for forthcoming meetings to allow Board members, Executives, and stakeholders as necessary to prepare and engage with the Board. The agenda should focus upon the SSRO's strategy, and any policies as set by the MOD. In addition, the Board's agenda should interrogate SSRO's ongoing performance, culture, and value for money, all while being cognisant of its overall accountability to ministers and ultimately, the taxpayer.

Encourage engagement from Board members

You should encourage Board members to engage with SSRO both within Board meetings, through active participation in discussions and decisions, and more widely. You should encourage Board members to join board committees where they can add value. You should support Board members to contribute their expertise where relevant to SSRO on an ongoing basis. You should foster effective relationships based on trust, mutual respect, and open communication between board members and the Executive team, both inside and outside of the boardroom. You should monitor and manage conflicts of interest among Board members in order that the board may function appropriately, in accordance with the conflicts of interest policies of the MOD and SSRO.

Foster relationships between the Board and stakeholders, including government

You should be the principal point of contact between stakeholders and the Board. You should foster constructive relationships with all relevant stakeholders to SSRO. You should also maintain a constructive relationship with the MOD in the course of your work.

Develop a strong working relationship with the Chief Executive

The relationship with the Chief Executive is key to the long-term success of SSRO. You should provide support and advice to the Chief Executive, while respecting their executive responsibility. You should work with the Chief Executive to consider the strength of the broader Executive team. Under your leadership, the Board should consider executive succession planning on a regular basis.

Work with HM Government on the composition of the Board, and the appointment of new Board members

You should consider the composition of the Board in line with the requirements of the SSRO on a continual basis, providing regular feedback to the MOD as appropriate. You should work with the MOD to consider appointments to the SSRO Board. You should engage in the appointment process as appropriate as per the agreed framework, and in compliance with rules or regulations governing appointments to the SSRO Board.

Provide mentoring and an induction to new Board members

You should lead the induction to new Board members on behalf of the SSRO. You should make sure new Board members are introduced to all relevant people both within SSRO and among stakeholders. This should be done in cooperation with the MOD. The induction process should familiarise new Board members with SSRO and its overall governance framework.

You should encourage Board members to develop their knowledge and skills

You should continually consider the knowledge and skills that the board requires to discharge its duties to SSRO, this should be considered in conjunction with departmental sponsors. Where the Board would benefit from additional knowledge and skills, which can be met without the need to recruit new or additional Board members, you should encourage Board members to undertake relevant training and education where possible.

Lead the annual evaluation of the Board, which should be externally facilitated at least every three years

You should ensure that a review of the Board's effectiveness is undertaken on an annual basis. This should be facilitated by an external provider at least every three years. Where the evaluation is not externally facilitated, you should lead the process, gathering feedback from Board members regarding the Board's functioning. You should also consider how stakeholders, such as the MOD can input into the review, to provide comment upon the Board's effectiveness in engaging with government and stakeholders. Reviews should produce a written report. You should be responsible for overseeing the implementation of any recommendations arising from a review as necessary.

Evaluate the performance of non-executive Board members at least annually

You should undertake a review, at least annually, of the performance of non-executive Board members. This review should consider their contributions to the Board, and the value they add to SSRO. You should write these reviews and be prepared to share them with the MOD in an appropriate manner. A written review of performance may be necessary to support any reappointment decisions for Board members.

Be subject to an annual performance evaluation

You should engage with an evaluation of your performance on an annual basis. You should allow the Board to gather feedback on your performance from the perspective of Board members. The MOD shall gather feedback from government and other stakeholders. This will be collated by the MOD and provided to the senior sponsor in an appropriate manner. A written review of your performance may be necessary to support any reappointment decision. For additional best practice guidance regarding the role of the Chair, see the "Guidance on board Effectiveness" published by the Financial Reporting Council found [here](#). For more information on board reviews and member appraisals, please refer to the latest guidance [here](#).