



Ministry  
of Defence

Dr Nina Cope CB  
DG Corporate  
Ministry of Defence  
NAD Group (5G)  
Main Building  
London SW1A 2HB

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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, particularly at this time of significant change and challenge for Defence. This letter sets out my thoughts on the priority areas for your and your Board's focus for the year ahead and should be read alongside your responsibilities as Chair, set out in the MOD-SSRO Framework Document and at Annex A of this letter.

As you know, the government has an ambitious agenda for Defence centred on delivery of the recommendations of the Strategic Defence Review (SDR), Defence Reform (DR), the Defence Industrial Strategy (DIS) and the Defence Investment Plan (DIP), as well as other government initiatives to make the state more productive and agile, including Arm's Length Body (ALB) Reform and reducing the regulatory burden. You will need to lead the SSRO Board in ensuring that the SSRO - an ALB sponsored by the National Armaments Director (NAD) Group but operationally independent - focuses on the effective and efficient delivery of its statutory functions, while contributing to implementing the changes demanded by ministers to keep us secure at home and strong abroad.

### **Specific priorities for the SSRO Board**

#### **1. Focus on statutory functions**

As you are aware, the Ministry of Defence (MOD) has a strategic imperative to maximise the performance that we can secure from our single source defence suppliers. The Board has a critical role in ensuring that the SSRO focuses its activities and resources on its statutory functions to fulfil its overarching objective that good value for money is obtained in government expenditure on qualifying defence contracts, and that contractors are paid a fair and reasonable price under those contracts. The SSRO should, therefore, prioritise excellence in its statutory functions by setting clear rules that ensure fair prices; providing clear and credible referral decisions; and producing practical and up-to-date guidance on allowable costs.

#### **2. Delivering Defence outcomes**

In fulfilling its important statutory role, the SSRO's corporate strategy will need to reflect and contribute to the delivery of Defence (SDR, DR, DIS and DIP) outcomes. As Chair, you should ensure that the SSRO enables SDR outcomes, and that the SSRO Corporate Plan both describes the golden thread which links the SSRO's work to Defence priorities and also articulates the SSRO's independence in those specific statutory activities where impartiality remains essential, in particular advising on the baseline profit rate and adjudicating referrals. The SSRO should also continue to improve the utilisation of Defence Contract and Analysis Reporting System (DefCARS) reports, based on recent feedback from MOD and Defence industry users.

The Board should ensure that the SSRO Corporate Plan, updated annually, includes clear, outcome-focused, measurable, stretching and realistic performance targets. The Board should support the SSRO in identifying its strategic risks, linked to outcomes, and ensure that the Corporate Plan includes any required activity to mitigate those risks. Proactive oversight of performance and risk is a key role of the Board. Under your leadership, it is important that the Board ensures that the SSRO's statutory products and services are delivered to a high standard, and that its work and priorities reflect the requirements of its stakeholders.

I encourage you to continue to invite Defence industry stakeholders and Defence Commercial & Industry (C&I) colleagues to your Board meetings, so that the Board remains updated on wider strategic developments. The Single Source Contract Regulations (SSCR) Review will be particularly relevant for the SSRO. In terms of governance, it is important for MOD to retain responsibility and accountability for decisions relating to single source legislation. The SSRO is therefore not part of the Review's formal governance but is a key stakeholder and should continue to engage constructively with the C&I team to support ministerial objectives on incentivisation, productivity, innovation, small and medium-sized enterprises, simplification, and reducing the costs of regulation.

As you will be aware, the government's ALB Reform initiative - to drive a more productive and agile state - will also have a direct impact on the SSRO. We will therefore be undertaking a review of the SSRO in early 2026 to assess if any changes to its function and/or form are required, including in the light of any regulatory changes following the SSCR Review. We recognise that there are interdependencies and a need for appropriate sequencing, whereby emerging themes and outcomes of the SSCR Review may inform the ALB review. I look to you to ensure that the Board supports the SSRO review.

### **3. Delivering efficiencies**

To enable SDR outcomes, MOD must deliver efficiencies. Although relatively small in terms of overall Defence expenditure, the SSRO needs to play a full part in making Defence more efficient and helping to tackle its budget pressures. In this context, I would like to see the Board increase its scrutiny of the SSRO's expenditure and support the Executive Team in considering potential budget reductions. The SSRO, supported by you and the Board, will need to identify efficiency savings and model a range of scenarios. As part of MOD's streamlining drive, I also look to you to support the SSRO's alignment with Defence Business Shared Services and Corporate Services Modernisation initiatives for back-office and enterprise digital and data needs.

### **4. People and skills**

The Board has an important role in supporting SSRO staff during this time of change, as well as encouraging opportunities for them to showcase and develop their skills and expertise. The Board should continue to scrutinise and challenge the effectiveness of the SSRO's workforce strategy and closely monitor its delivery, particularly on skills. The Board should also ensure robust action is taken in response to the Employee Survey results (for 2024 and 2025), particularly on inclusion and leadership.

### **5. Accountability and sponsorship**

I welcome our ongoing open engagement and two-way dialogue to maintain a culture of "no surprises" at all levels. While we implement the first phase of the NAD Group organisational design, I will remain the Senior Sponsor for the SSRO for at least the remainder of this financial year. The most appropriate sponsorship arrangements for the SSRO will be considered, in consultation with the SSRO Board, by the review of the SSRO in early 2026 which, as stated above, may need to reflect the emerging themes and outcomes of the SSCR Review.

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 and/or through relevant NAD Group escalation processes, 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, on behalf of the SSRO, 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 spend approval controls, which place appropriate emphasis on value for money considerations, complying as appropriate with the 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 appropriate and proportionate alignment with government functional standards. I would also be grateful if you could ensure that the Board remains aligned to the NAD Group's drive to streamline governance and reduce bureaucracy.

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 meet at least once a year with the Minister for Defence Readiness & Industry, as well as having regular meetings with my representative, Tara Usher, and the MOD Commercial Function Director, Andy McMinn.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nina Cope', written in a cursive style.

**Dr Nina Cope CB**

## **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 to 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 the 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 regarding your duties as Chair. This list is not intended to be exhaustive and does not supplant any responsibilities set out in the 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 on 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, reflecting its overall accountability to ministers and the taxpayer.

### **Encourage engagement from Board members**

You should encourage Board members to engage with the 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 the 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 the 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 the 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 Chair's relationship with the Chief Executive is key to the effectiveness of the SSRO Board. You should provide support, advice and challenge to the Chief Executive, while respecting his 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 the MOD on Board composition and the appointment of new 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. You should work with the MOD to consider appointments to the SSRO Board, and engage in the appointments process in compliance with the rules and guidance 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 the SSRO and among stakeholders. This should be done in cooperation with the MOD. The induction process should familiarise new Board members with the 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 the 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 the 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 (or their representative) 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](#). For more information on board reviews and member appraisals, please refer to this [guidance](#).