



Ministry  
of Defence

# Submarine Delivery Agency Framework Document





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## **1. INTRODUCTION**

The Submarine Delivery Agency (SDA) was launched as an Executive Agency<sup>1</sup> of the Ministry of Defence (MOD) on 1 April 2018. It employs both civilian and military staff and is based predominantly at the MOD Abbey Wood site, but also has representation at other locations, including Her Majesty's Naval Bases Devonport and Clyde, and at key supplier sites. The SDA is a crucial part of the nuclear enterprise, who together with the Defence Nuclear Organisation and Navy Command, keep safe and capable submarines at sea today and in the future – providing the UK's strategic deterrent and supporting global security.

This Framework Document sets out the SDA's purpose and role, together with the governance, policy, financial and human resources parameters that guide its day-to-day operations.

## **2. PURPOSE AND ROLE**

### **2.1. Purpose**

The SDA exists to:

- Programme and support the safety, availability, reliability and security of UK submarines that are in-service in order to maintain the UK submarine capability, including Continuous At Sea Deterrence (CASD);
- Procure and programme the construction of all new UK submarines and, working with the Defence Nuclear Organisation and Navy Command, bring them into service as effectively and efficiently as possible to fulfil their role in maintaining the UK submarine capability;
- Dispose safely of the UK's submarines that are no longer in-service;
- Inform its customers' evaluation of acquisition and support options and deliver the agreed acquisition, support and disposal programmes of its customers as cost-efficiently as possible and within affordability constraints;
- Lead the supply chain: work with industrial and public sector partners to preserve the UK's technology advantage and skills-base, and to ensure submarine manufacturing and maintenance capability is sufficient to support the UK's submarine requirements long term; and
- Support and fulfil the relevant roles in international partnerships, including the 1958 Mutual Defence Agreement and the 1963 Polaris Sales Agreement.

### **2.2. Role**

Within the MOD's Acquisition System, the SDA acts as a 'Delivery Agent' with a primary

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<sup>1</sup> The SDA is an Executive Agency with additional freedoms as set out in Annex A

role in contracting effectively with the UK's submarine industry. It acts on behalf of its MOD Customers, Navy Command and the Defence Nuclear Organisation.<sup>2</sup>

### **3. THE GOVERNANCE FRAMEWORK**

The corporate governance and accountability arrangements for the SDA draw on best practice in the public and private sectors, and reflect its position as part of the MOD. The arrangements centre on the key roles, boards and committees set out below.

#### **3.1. Secretary of State for Defence**

The Secretary of State for Defence makes defence policy and decides major defence programmes. The Secretary of State is accountable to Parliament for all aspects of the SDA's performance, including its strategy, operation, outputs and the effectiveness of its governance arrangement and is the "Responsible Minister" for the SDA.

The Secretary of State:

- Agrees this Framework Document;
- Approves the annual SDA Corporate Plan;
- Appoints the SDA Chair (on basis of a recommendation from the Permanent Secretary) and Non-Executive Directors; and
- Approves the appointment of the SDA Chief Executive.

#### **3.2. MOD's Permanent Secretary**

The Permanent Secretary is the senior civilian adviser on defence and the MOD's Principal Accounting Officer (PAO).

The Permanent Secretary:

- Recommends the SDA Chair for appointment by the Secretary of State;
- Endorses the appointments of the Non-Executive Directors;
- Appoints the SDA Chief Executive, subject to approval by the Secretary of State, and approves the SDA Chief Executive's remuneration on the basis of a recommendation from the SDA Remuneration Committee; and

The PAO of the MOD has designated the Chief Executive as the SDA's accounting officer for operating expenditure. The respective responsibilities of the PAO and accounting officers for ALBs are set out in Chapter 3 of Managing Public Money<sup>3</sup> which is sent

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<sup>2</sup> The structure of the MOD's Acquisition System and the '3-box model' (Customer, Delivery Agent, Industry) is explained fully in the Department's Acquisition System Operating Model

<http://defenceintranet.diif.r.mil.uk/Policy/Acquisition/Pages/Acquisition.aspx>

<sup>3</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/454191/Managing\\_Public\\_Money\\_AA\\_v2\\_-jan15.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/454191/Managing_Public_Money_AA_v2_-jan15.pdf)

separately to the accounting officer on appointment.

The PAO is also responsible for ensuring arrangements are in place in order to: monitor the SDA's activities; address significant problems in the SDA, making such interventions as are judged necessary; periodically carry out an assessment of the risks both to the Department and the SDA's objectives and activities; inform the SDA of relevant government policy in a timely manner; and bring concerns about the activities of the SDA to the full SDA board, and, as appropriate to the Departmental board requiring explanations and assurances that appropriate action has been taken.

### **3.3. SDA Customers**

The SDA has two Customers: Navy Command and the Defence Nuclear Organisation. Each Customer will appoint an accountable Submarine Acquisition Support Plan (SASP) Owner who will hold the SDA to account for delivery performance against the Programme of Work and metrics agreed in their respective SASPs (see section 3.11).

### **3.4. The Director General Nuclear**

The Director General Nuclear is the sponsor for the Defence Nuclear Enterprise. He is responsible for the management of the defence nuclear portfolio, including providing the Senior Responsible Owners for the main nuclear equipment programmes, and for the delivery of the UK warhead.

The Director General Nuclear:

- Is the Top-Level Budget Holder (TLB) for Programme and Operating Costs to deliver future nuclear programmes, scrutinises the SDA's Programme and Operating Cost requirements, and allocates funding within authorised delegation and control total levels;
- Signs the Defence Nuclear Organisation SASP in their role as TLB Holder;
- Chairs the SDA Sponsor Review Meeting and holds the SDA to account for delivery against the agreed Corporate Key Performance Indicators (KPIs) within the SDA Corporate Plan; and
- Provides advice to the Responsible Minister and the Principal Accounting Officer on the Defence Nuclear Enterprise, in their role as principal advisor.

### **3.5. The Royal Navy**

The Royal Navy delivers submarine operations, including the Continuous At Sea Deterrent (CASD). The First Sea Lord is the principal ministerial advisor on submarine operations.

The Second Sea Lord on behalf of the Navy:

- Signs the Royal Navy SASP in the role of Deputy Chief of the Naval Staff; and
- Attends the SDA Sponsor Review Meeting to support, in the role of customer, the holding to account of the SDA for delivery against the KPIs within the SDA Corporate Plan.

### 3.6. Departmental Sponsor

The Director Resources and Policy, Nuclear, acts as the Departmental Sponsor for the SDA and will oversee development and improvement in the corporate performance of the SDA. The Departmental Sponsor will:

- Define the SDA's policy and financial framework;
- Produce and update this Framework Document;
- Endorse the SDA's Corporate Plan, including strategic and financial objectives and KPIs, prior to its approval by the Responsible Minister;
- Monitor the SDA's performance against its KPIs, including at the SDA Sponsor Review Meeting;
- Assist the SDA in its corporate planning process by providing information about likely policy developments or other changes that could impact on the SDA;
- Engage with the SDA Board on the overall SDA corporate performance;
- Be able to draw on the full support of the SDA Board and SDA Executive in exercising these responsibilities; and
- Be assured that senior executive appointments in the SDA are appropriate.

### 3.7. The SDA Board

The SDA Board's principal role is to hold the SDA Chief Executive and his or her Senior Management Team to account. The SDA Board comprises:

- An independent non-Executive chair;
- A maximum of three Government non-Executive Directors (NEDs);
- At least three independent NEDs;
- The SDA Chief Executive and Chief Financial Officer (CFO); and
- Additional Executives as deemed necessary by the SDA Chair, subject to maintaining a majority of NEDs on the Board.

The SDA Board will provide challenge and support to the CEO SDA and CFO on resource and business decisions. The Corporate Plan will be set for the medium and long-term strategic direction of the organisation but will be reviewed and agreed on an annual basis.

The SDA Board will require a quorum of two independent NEDs, a Government NED and the Chair for all decisions to be ratified.

SDA Board appointments should follow principles of the *Governance Code on Public Appointments*.<sup>4</sup> Board members should comply with the guidance set out in the Cabinet

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<sup>4</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/578498/governance\\_code\\_on\\_public\\_appointments](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/578498/governance_code_on_public_appointments)



The SDA Board will:

- Endorse the strategy of the SDA in line with its purpose to deliver in-service and new platform programmes; ensure that strategy is reflected in the SDA's Corporate and Business Plans; and recommend approval of the Corporate Plan by the Departmental Sponsor and Responsible Minister;
- Provide advice and insight, challenge and support to the SDA Chief Executive and his or her Senior Management Team in their delivery of the Corporate and Business Plans, delivery of the SASPs, achievement of the SDA's KPIs, and the SDA's financial performance;
- Identify and endorse the SDA's KPIs, and agree these with the Departmental Sponsor;
- Monitor and assess the SDA's performance against its KPIs as agreed in the SDA Corporate Plan;
- Assure itself that the SDA has sufficient competence and depth of resources to conduct its nuclear and operational-related activities safely;
- Ensure the SDA develops successful relationships with its Customers, enabling them to be strong, intelligent and informed, well-advised by the SDA and have confidence in the SDA and in its cost and programme estimates and forecasts; likewise oversee development of successful relationships with other key stakeholders and major suppliers;
- Oversee the financial and operating controls in the SDA and its programmes, and ensure they are compliant with the delegations afforded to the SDA and the SDA Chief Executive'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, management and programme reports and production of financial statements, consistent with the requirements of Managing Public Money, the SDA Chief Executive's obligations as Accounting Officer, and other applicable government requirements;
- Report to the Departmental Sponsor on the Framework Document, associated delegations and other governance arrangements for the SDA, and on the funding arrangements for the SDA and its programmes, as to whether they are fit-for-purpose for the effective operation of the SDA;
- Assure itself that the SDA is operating in full compliance with all safety and security requirements;
- Review the SDA's succession planning including in relation to senior nuclear qualified and experienced personnel; recommend the appointment and if necessary the removal of the SDA Chief Executive and other senior leadership positions to the

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[lic\\_appointments\\_16\\_12\\_2016.pdf](#)

<sup>5</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/409604/code-of-conduct\\_tcm6-38901.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/409604/code-of-conduct_tcm6-38901.pdf)



Departmental Sponsor;

- Review the remuneration policies and incentive policies of the SDA to fulfil the objectives of the SDA (within the freedoms and delegations afforded to the SDA<sup>6</sup>); and
- Agrees, based on the recommendation of the SDA Remuneration & Nominations Committee, Chief Executive remuneration for approval by the Permanent Secretary through the Sponsor.

All members of the SDA Board are expected to act in line with high standards of corporate governance to ensure that the SDA complies, where appropriate, with the *Code of Good Practice for Corporate Governance in Central Government Departments*.<sup>7</sup>

Papers and minutes produced to support the SDA Board should also be distributed to the Departmental Sponsor in a timely manner.

### **SDA Board Sub-Committees**

The SDA Board will delegate some activities to sub-committees of the SDA Board. These are the Audit and Risk Committee,<sup>8</sup> Remuneration and Nominations Committee, and Performance and Programme Committee. The SDA Chair will ensure that the SDA Board receives adequate and timely feedback on the work of these sub-committees and that it is able to consider their recommendations. The SDA Board may choose to establish further sub-committees as it deems necessary. Defence Internal Audit may attend the Audit Committee as observers.

### **3.8. Chair of the SDA Board**

The SDA Chair is responsible for leading the SDA Board and ensuring that it is effective in discharging its role and acting as a source of advice and guidance to the SDA Chief Executive. The SDA Chair will:

- Ensure that the SDA Board as a whole is effective in its overall role and conduct an annual review regarding its effectiveness, reporting to the Departmental Sponsor;
- Ensure that direction given by the SDA Board aligns with the policy objectives set by the Secretary of State for Defence;
- Ensure that the composition of the SDA Board provides suitably qualified and experienced personnel on nuclear and operational-related activities and has due regard for the benefits of diversity;
- Contribute actively to the development of relationships with all stakeholders;
- Ensure the business employs best practice in respect of corporate governance, including the establishment of appropriate committees for areas such as audit and

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<sup>6</sup> See Annex A.

<sup>7</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220645/corporate\\_governance\\_good\\_practice\\_july2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf)

<sup>8</sup> The Audit and Risk Committee will comply with guidance in Managing Public Money. The Chair of the committee will be a Non-Executive Board Director with relevant experience. Defence Audit will have complete access to all records.

remuneration;

- Ensure the SDA Board has adequate systems to monitor and address any conflicts between the business and the personal interests of its individual directors;
- Participate in matters such as succession planning and remuneration, which will include sitting on the Remuneration Committee which handles senior pay and appointments and the appraisal of the SDA Chief Executive; and
- Lead on the appointment of the non-executives and ensure that non-executives appointed to the SDA Board receive an appropriate induction and support to deliver their duties.

The SDA Chair has a direct responsibility for advising the Departmental Sponsor on the effectiveness of the SDA Board.

The SDA Chair will maintain a regular dialogue with the Director General Nuclear and Second Sea Lord, including through the SDA Sponsor Review Meetings. The SDA Chair also has standing right of access to the Permanent Secretary and Secretary of State.

### **3.9. The SDA Chief Executive**

The role of the SDA Chief Executive is to lead and manage the SDA. The Chief Executive will set the strategy for the successful delivery of the Corporate Plan and the Programme of Work captured in the SASPs agreed with the Customers. The SDA Chief Executive will:

- Lead the SDA and its supplier base to deliver the requirements set out in the SASPs, and in the SDA's Corporate Plan and Business Plan;
- Review and agree the SASPs entered into by the SDA with its Customers; review and agree material change options and change requests in relation to these plans;
- Appoint and sustain a capable and motivated Senior Management Team and workforce;
- Report regularly to the SDA Board on SDA corporate and programme performance against the agreed KPIs, and on any matters requiring its attention;
- Develop the SDA Corporate Plan, for endorsement by the SDA Board and approval by the Responsible Minister;
- Undertake his or her duties as Accounting Officer for the SDA Operating Expenditure (see section 3.13 below);
- Responsible to DG Nuclear for financial, contractual, safety, security, pay and personnel activity, and
- Provide assurance that senior Executive appointments in the SDA are appropriate.

The SDA Chief Executive will meet on an annual basis with the Responsible Minister.

### **3.10. SDA Sponsor Review Meeting**

The SDA Sponsor Review Meeting is the formal mechanism by which the Director General Nuclear, supported by the Second Sea Lord, holds the SDA to account for the performance of the SDA and reviews its KPIs. The SDA Sponsor Review Meeting is held at least bi-annually and is chaired by the Director General Nuclear, with the Second Sea Lord, Departmental Sponsor, SDA Chair and SDA Chief Executive in attendance (further representatives may attend as required).

### **3.11. SASP Performance Management Meetings**

Navy Command and the Defence Nuclear Organisation are customers for in-service support and submarine acquisition. Each will develop SASPs, in conjunction with the SDA, which capture the agreed Programme of Work and related funding, and are reviewed and updated annually.

In accordance with Departmental policy<sup>9</sup>, performance management of SDA delivery against the agreed SASP metrics and milestones takes place through:

- SASP Annex / Appendix review meetings held between the individual Annex / Appendix Owners and their counterparts in the SDA; and
- A subsequent review of overall SASP performance by the SASP Owner and their counterpart in the SDA. These performance management meetings are separate from the SDA Sponsor Review Meeting where the SDA Board is held to account for delivery of the KPIs.

Where there is a failure (by the SDA or the Customers) to deliver against the SASPs, escalation is to the SASP Owner.

Where a systematic failure or cross-cutting issue is identified, further escalation may take place to the SDA Sponsor Review Meeting via the relevant representative.

### **3.12. The SDA Framework Document**

The Framework Document is prepared by the Departmental Sponsor, in consultation with the Customers, and agreed by the Responsible Minister, following clearance from HM Treasury and in consultation with the Cabinet Office.

The Framework Document will be reviewed no later than 1st April 2019 and every three years thereafter. It will also be refreshed, if appropriate, following each formal review of the status / business model of the organisation (which is subject to review every three years).

Copies of the Framework Document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the .GOV.UK website.<sup>10</sup>

### **3.13. SDA Chief Executive's Letter of Designation as Accounting Officer for Operating Expenditure of the SDA**

The SDA Chief Executive as Accounting Officer is personally responsible for safeguarding

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<sup>9</sup> Set out in the *Acquisition System Operating Model (ASOM)*

<sup>10</sup> <https://www.gov.uk/government/organisations>

the public funds for which he or she has charge; 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, he or she should ensure that the SDA as a whole 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.

The Accounting Officer's responsibilities for accounting to parliament include:

- Signing the 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 are established and made widely known within the SDA;
- Acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office; and
- Giving evidence, normally with the PAO, when summoned before the PAC on the SDA's stewardship of public funds.

### ***Annual Report and Accounts (AR&A)***

The SDA Chief Executive is required to prepare and sign an AR&A in accordance with relevant guidance from HM Treasury and the National Audit Office (NAO).<sup>11</sup> It provides details of the SDA's business and financial performance over the previous financial year and includes:

- Statements from the Chair of the SDA Board and the SDA Chief Executive;
- A governance statement covering corporate governance, risk management and oversight of any local responsibilities;
- A review of performance against objectives and targets;
- A description of significant successes and challenges;
- A sustainability report;
- The biographies and remuneration details of key personnel; and
- A detailed financial statement (meeting the accounting and disclosure requirements

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<sup>11</sup> The SDA will also produce information in accordance with the instructions issued by the MOD for the consolidated accounts.

set by HM Treasury in the latest published Financial Reporting Manual).

The financial statement is audited by the NAO, and its findings are presented in the AR&A by the Comptroller and Auditor General.

The AR&A will be endorsed by the SDA Board. Prior to endorsement, the AR&A will be provided to the Departmental Sponsor for comment. The AR&A is presented to Parliament, and is available online on the MOD's website. The SDA's Accounts will be consolidated with the MOD's Annual Accounts.

### **3.14. SDA Chief Executive's Letter of Authority**

The SDA Chief Executive's Letter of Authority from the Director General Nuclear complements the SDA Chief Executive's designation as Accounting Officer. The letter sets out the SDA Chief Executive's authority on financial, audit, safety, security, counter-fraud, commercial, pay and personnel, and sustainable development matters, including their responsibility as the Senior Duty Holder for safety matters within their area of responsibility. It requires the SDA Chief Executive to:

- Deliver the Programme of Work (contained in the agreed SASPs);
- Ensure the safe, effective, efficient and proper conduct of the SDA business in accordance with Ministerial direction;
- Set demanding objectives aimed at improving performance; and
- Give full consideration to the potential Parliamentary, political, policy, and presentational aspects of all proposals and to the interests of defence, consulting as necessary with the appropriate policy staffs and Ministers.<sup>12</sup>

### **3.15. The SDA Corporate Plan**

The SDA Corporate Plan normally sets out the strategic direction of the SDA for a rolling period of three years. It is developed annually by the SDA Chief Executive, endorsed by the SDA Board and the Departmental Sponsor, and approved by the Responsible Minister.

### **3.16. Enterprise Development Agreement**

The Departmental Sponsor, Customers and the SDA will enter into an Enterprise Development Agreement (EDA) to establish the culture, processes and capability required to ensure the Submarine Enterprise can succeed. The EDA will take account of Cabinet Office guidance regarding effective relationships between public sector organisations, as set out in *Partnerships between Departments and arm's length bodies: code of good practice*.<sup>13</sup>

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<sup>12</sup> The Chief Executive must have regard to the Civil Service Management Code and other policies and regulations as appropriate in exercising his or her delegations

<sup>13</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/594345/Partnerships\\_between\\_departments\\_and\\_arm\\_s\\_length\\_bodies-code\\_of\\_good\\_practice.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/594345/Partnerships_between_departments_and_arm_s_length_bodies-code_of_good_practice.pdf)

## **ANNEXES**

- A. Freedoms
- B. Policy framework

## 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 MOD.<sup>14</sup>
2. The SDA will have the freedom to pay 11 members of its staff more than the normal senior salary cap set by HM Treasury. The details of this arrangement are set out in correspondence from the Chief Secretary to the Treasury. Future Chair and Chief Executive Officer 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. For redundancy and compensation, bespoke arrangements will be agreed with the Cabinet Office. Any proposals for special severance payments require separate agreement from HM Treasury / Cabinet Office.
5. For commercial transactions, the SDA will work with the Cabinet Office to agree a proportionate assurance mechanism that provides oversight appropriate to the scale and complexity of the SDA's business. The 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.

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<sup>14</sup> 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 HM Treasury and the Cabinet Office approving the Framework Document and the Corporate Plan for establishing the new SDA.



## POLICY FRAMEWORK

As part of the MOD and Government, the SDA is bound by certain policies and standards, the main elements of which are set out in this Annex.

### Parliamentary Accountability

The Responsible Minister remains accountable to Parliament on all matters concerning the SDA and retains the right to intervene in the operations of the SDA if public or parliamentary concerns justify it.

As Accounting Officer for the SDA's Operating Expenditure, the SDA Chief Executive is personally responsible to Parliament for the stewardship of the SDA's resources. Where a Select Committee wishes to take evidence on matters regarding the use of the SDA's resources, it will normally fall to the SDA Chief Executive to give evidence. The MOD's Permanent Secretary has responsibility for assuring him or herself about the capacity and performance of the SDA, advised by the Departmental Sponsor. Accordingly, a select committee may choose to invite the MOD's Permanent Secretary and / or the Director General Nuclear, and other policy officials together with representatives of the SDA to give evidence together. Staff within the SDA are subject to Cabinet Office's *Guidance on Giving Evidence to Select Committees*.<sup>15</sup>

The senior responsible owners (SROs) of Government Major Projects are also directly accountable to Parliament for the implementation and delivery of those projects, as defined in their SRO appointment letters. As such, any project SROs (who always sit within the Customer organisations) may be required to account to Parliament for the delivery performance of the SDA in respect of those projects.

Enquiries about the SDA from Members of Parliament will normally be dealt with by ministers. The Responsible Minister may also ask the SDA Chief Executive to reply directly to correspondence about issues delegated to the SDA Chief Executive. Parliamentary Questions, would normally be answered by referring the Question to the Director General Nuclear. Questions regarding the operation of the SDA would be referred to the SDA Chief Executive. The subsequent reply is published in Hansard once it has been endorsed by the Director General Nuclear and approved by Ministers.

### Members of the Public

The SDA will aim to respond substantively within 20 working days to requests for information from members of the public, ensuring compliance with all applicable statutory and departmental requirements.

### Parliamentary Commissioner for Administration

The SDA is subject to the jurisdiction of the Parliamentary Commissioner for Administration. The SDA Chief Executive is responsible for the preparation of replies on

<sup>15</sup> <https://www.gov.uk/government/publications/departmental-evidence-and-response-to-select-committees-guidance>

any matter concerning the SDA.

### **Information Commissioner**

The SDA is subject to the jurisdiction of the Information Commissioner, an independent regulator sponsored by the Department for Justice, in relation to its obligations under the Freedom of Information Act, the Data Protection Act, the Privacy and Electronic Communications Regulations and the Environmental Information Regulations. The SDA Chief Executive is responsible for the preparation of replies to enquiries from the Information Commissioner on any matter concerning the SDA.

### **Information Governance**

The Chief Executive will be accountable to the Responsible Minister for Defence and the MOD's Permanent Secretary for handling the Agency's information holdings in accordance with the MOD's information management policy and the Agency's statutory obligations under relevant legislation including the Freedom of Information, Data Protection and Public Records Acts, and the Environmental Information Regulations.

### **MOD Delegations**

As a matter of policy, the SDA Chief Executive has delegated authority in the areas of finance, audit, counter-fraud, commercial, people, pay, health and safety at work, environmental protection, security and resilience, including specifically being the Senior Duty Holder for safety matters.

The SDA Chief Executive is authorised to commission contractual commitments but authority to place or amend contracts, or to deal with claims arising, may only be exercised by staff in receipt of a commercial letter of delegation issued by the MOD's Director Commercial. In the SDA, this authority rests with its Commercial Director.

The delivery of the overall Programme of Work will also be delegated to the SDA with budgets flowing through Navy Command and the Defence Nuclear Organisation through the Command Agreement Plans. In addition, there will be an agreement in place between Defence Nuclear's Director of Resource and SDA Chief Finance Officer detailing the information that will be required (by both parties) to support the financial processes. This includes timelines for in-year management and the Annual Budgeting Cycle for both the operating costs and the Programme of Work; provision of information to support the MOD's AR&A particularly on inventory and assets.

### **Human Resources**

The SDA operates a Human Resources framework in accordance with Civil Service principles and its delegated freedoms. The SDA Chief Executive will maintain a personnel management strategy that enables the SDA to recruit, retain, develop and motivate customer-focused staff from all parts of the community in the numbers and with the appropriate skills and expertise to meet its aims and objectives, while observing the principle of equitable treatment of all.

### **Status of Staff and Conditions of Service**

Service personnel will be posted to the SDA in agreement with the Service Secretaries.

The SDA's civilian staff are civil servants and subject to the provisions of the Civil Service Management Code. For day-to-day management of staff, the SDA operates as a discrete entity within the MOD.

Staff will be auto-enrolled in the Principal Civil Service Pension Scheme unless they make alternative arrangements.

The SDA Chief Executive has authority for setting the terms and conditions of service for all the SDA staff under his or her letter of authority from the Director General Nuclear in line with the freedoms as set out in Annex A. This is carried out under the provisions of the Civil Service (Management Functions) Act 1992. In exercising this authority, he or she 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 Remuneration Committee. Appointments at SCS Pay Band 3 will be made in conjunction with the Permanent Secretary and the Director General Nuclear.

The SDA will manage its workforce through its own human resources organisation, which it will create for the purpose. It will work with the Chief of Defence Personnel as necessary on matters of Departmental interest.

The terms and conditions of the SDA Chair and independent NEDs 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.

### **Staff Recruitment and Retention**

The SDA Chief Executive will ensure the optimum balance of civilian, military and contract staff on permanent and fixed-term appointments achieves the most effective and efficient delivery of the SDA's products and services. He or she 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, HM Treasury and / or Cabinet Office.

### **Staff Conduct and Discipline**

All SDA staff will be expected to comply with the Civil Service code and its standards of integrity, honesty, objectivity and impartiality and uphold the highest professional standards.

The SDA Chief Executive will ensure that civilian disciplinary and poor performance cases are handled appropriately. He or she will have full powers, within his delegation, in matters relating to the conduct and discipline of all employees, which include dismissal, demotion, loss of seniority, loss of pay, reprimands and postings.

Any conduct or disciplinary issues involving military personnel working for the SDA will be taken forward in consultation with the appropriate personnel staffs in the Front Line

Commands.

## **Employee Relations and Trade Unions**

The SDA Chief Executive will ensure that staff are fully consulted about any proposed changes to terms and conditions of service, including remuneration. The SDA will engage openly and constructively with recognised Trade Unions in discussing proposals for changes affecting the SDA staff. In due course, the SDA will have its own Employee Relations Framework; until such time, it will operate under the DE&S Framework and the MOD's Collective Agreement.

## **Equality and Diversity**

The SDA Chief Executive will promote best practice in the area of Diversity and Equal Opportunities, ensuring at a minimum compliance with all applicable legislation and the MOD's Equality and Diversity policy. He or she will ensure that the SDA staff are provided with a working environment free from discrimination and harassment.

## **Welfare**

The SDA Chief Executive will ensure the welfare of the SDA's staff and contractors and any visitors to the SDA sites, ensuring compliance with statutory requirements and where not delegated MOD policy.

## **Role of Defence Authorities**

The MOD's Defence Authorities<sup>16</sup> are authorised to issue general direction concerning specific areas of defence activity and are accountable for the associated internal controls. In discharging these responsibilities Defence Authorities will engage with the SDA to ensure that the general direction they issue will not unnecessarily constrain its ability to operate in line with the freedoms articulated at Annex A.

## **Health, Safety and Environmental Protection**

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. HSE, 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, 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.

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<sup>16</sup> 17 Jan 2017:

[www.defenceintranet.diif.r.mil.uk/Reference/Publications/TransformingDefence/Pages/DefenceAuthorities.aspx](http://www.defenceintranet.diif.r.mil.uk/Reference/Publications/TransformingDefence/Pages/DefenceAuthorities.aspx)

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**

In addition to the SDA Chief Executive's general responsibilities, the SDA Chief Executive is 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.

## **SDA Security**

In line with the latest MOD and Government guidance<sup>17</sup>, the SDA will maintain suitable and sufficient policies and have arrangements in place in respect of both Nuclear and Conventional Security. The SDA will be regulated through the Defence Nuclear Security Regulator.

## **Intellectual Property Rights (excluding Crown Copyright)**

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 Commercial Director 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 Intellectual Property Group.

## **HM Treasury**

The SDA complies with current HM Treasury guidance including Managing Public Money. The SDA will apply any instructions and guidance to Government Departments and to bodies that operate at arm's length, except where it has been delegated freedoms in respect of such instructions and guidance as set out in this Framework Document.

## **Cabinet Office**

The SDA follows all relevant Cabinet Office instructions and guidance, except where it has been delegated freedoms in respect of such instructions and guidance as set out in this

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<sup>17</sup> JSP 440 - The Defence Manual of Security, Resilience & Business Continuity; JSP440 Supplement 1 - Policy for the Security of the Defence Nuclear Enterprise; JSP628 - Security Regulation of the Defence Nuclear Enterprise

Framework Document.

The SDA will be included within the Cabinet Office's 'tailored review' programme<sup>18</sup> of Executive Agencies.

### **Government efficiency constraints**

Government efficiency constraints on Departmental expenditure can on occasion require HM Treasury and Cabinet Office approval of expenditure above certain limits and the use of centrally-sourced contracts and approved frameworks for procurement of certain common goods and services is encouraged.

The SDA will publish online information on all organisational expenditure over £25,000, in accordance with the format specified by the Cabinet Office.<sup>19</sup>

The SDA will publish all contracts with a value of over £10,000 in accordance with the instructions issued by the Cabinet Office.<sup>20</sup>

### **International Partnering and External Relations**

The SDA Chief Executive or senior executive team will, if tasked by Government customers, further the interests of the SDA and the MOD at national and international fora, in consultation with the Defence Nuclear Organisation. The objective of this is to deliver continually improved products and services for Defence and Government customers and for the benefit of the SDA and the MOD's partner organisations.

### **Complaints**

The SDA complies with MOD and Government guidance on dealing with complaints. Any external complaints or concerns can be raised by telephone, email or post and the complaints procedure, including relevant contact details, is available through the SDA's webpage on .GOV.UK.

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<sup>18</sup> 17 Nov 2016: <https://www.gov.uk/government/publications/tailored-reviews-of-public-bodies-guidance>

<sup>19</sup> 17 Jan 2017: <https://www.gov.uk/government/organisations/cabinet-office/about/procurement>

<sup>20</sup> 17 Jan 2017: <https://www.gov.uk/government/organisations/cabinet-office/about/procurement>