

# Business Plan 2011–2015

## Ministry of Defence

November 2010

*This plan will be refreshed annually*

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## A) Vision

Against the backdrop of the National Security Strategy and the outcome of the Strategic Defence and Security Review (SDSR), our priorities from now until 2015 are:

**To succeed in Afghanistan** – the main effort for the MOD. Our Armed Forces are working to protect the UK by creating security and stability in Afghanistan and training members of the Afghan National Security Forces (ANSF) to help the Afghans to provide their own security in the future.

**To continue to fulfil our standing commitments**, including strategic intelligence, the strategic nuclear deterrent, defence against direct threats to the UK and its overseas territories, counter-terrorism and military aid to the civil authorities. Carrying out these roles is essential to our security and supports key British interests around the world.

**To succeed in other operations we are required to undertake**, by providing a defence contribution to UK influence, by defending our interests by projecting power strategically and through expeditionary operations, and by providing security for stabilisation.

**To promote defence exports consistent with export control criteria**; as part of a defence diplomacy programme to strengthen British influence and help support British industry and jobs.

**To implement the Strategic Defence and Security Review (SDSR)** by restructuring the Armed Forces and their capabilities; rebuilding the Armed Forces Covenant; and developing a New Employment Model.

**To deliver the Defence Reform Unit's review** which will identify ways of creating a simpler and more effective organisation and determine how the MOD can deliver significant reductions in running costs.

**To deliver Defence in the most effective, efficient and sustainable way** by meeting benchmarking, efficiency and Government sustainable development targets, building on the Defence Reform Unit's review.

Liam Fox, Secretary of State for Defence

## B) Coalition Priorities

### **Major responsibilities**

#### **Our main focus is to succeed in Afghanistan**

- Work to create security and stability in Afghanistan, including by training members of the Afghan National Security Forces (ANSF) to help the Afghans to provide their own security in the future

#### **We will continue to fulfil our standing commitments**

- Defend against direct threats to the UK and its overseas territories, provide strategic intelligence, maintain our strategic nuclear deterrent, support counter-terrorism work (CONTEST) and provide military aid to the civil authorities

#### **We will prepare for success in any other operations that we are required to undertake**

- Respond to external threats (intervention operations) and natural disasters; provide support to conflict prevention and stabilisation operations; carry out defence diplomacy, engagement and capability building activities; and build constructive bilateral relationships including with the US and France; and multilateral relationships in particular NATO; facilitated by defence attachés and advisers and including activities such as international training and joint exercises

#### **We will promote defence exports consistent with export control criteria**

- Work with the Department of Business, Innovation and Skills to establish the Defence Exports Group and re-invigorate our relationships with international partners

## B) Coalition Priorities

### Structural Reform Priorities

- 1. Restructure the Armed Forces and their capabilities**
  - Ensure that the UK has the required Force Structure, training and equipment to carry out operations, as part of the implementation of the SDSR
- 2. Rebuild the Armed Forces Covenant and develop the New Employment Model**
  - Develop the New Employment Model and rebuild and formalise the Armed Forces Covenant which represents a promise of fair treatment, on behalf of the nation, to ensure our Armed Forces and their families are valued and respected, as part of the implementation of the SDSR
- 3. Deliver the Defence Reform Unit's review**
  - Identify and deliver ways to create a simpler and more effective department, including significant reductions in running costs
- 4. Deliver Defence in the most effective, efficient and sustainable way**
  - Meet benchmarking, efficiency and Government sustainable development targets, building on the Defence Reform Unit's review

## B) Coalition Priorities

### The Department will no longer...

...support or aim to provide elements of the existing force structure which the SDSR has concluded should not feature in Future Force 2020, for example:

- We will withdraw Harrier from service early
- We will decommission HMS *Ark Royal* early
- We will reduce the non-deployable administrative structure of the Services
- We will reduce the number of heavy armour platforms
- We will not bring into service the Nimrod MRA4 maritime patrol aircraft
- We will reduce the number of Tornados

## C) Structural Reform Plan

The Coalition is committed to a programme of reform that will turn government on its head. We want to bring about a power shift, taking power away from Whitehall and putting it into the hands of people and communities, and a horizon shift, making the decisions that will equip Britain for long term success. For too long citizens have been treated as passive recipients of centralised, standardised services. This Government is putting citizens back in charge, and Structural Reform Plans are part of this shift of power from government to people.

This section sets out how, and when, the Department will achieve the reforms that are needed to make this happen. Structural Reform Plans are key tools for holding departments to account for the implementation of Programme for Government commitments, replacing the old top-down systems of targets and central micromanagement.

Each month, the Department publishes a simple report on its progress in meeting these commitments. These reports are available on our departmental website and on the Number 10 website.

All legislative timings and subsequent actions are subject to Parliamentary timetable and approval.

# 1. Restructure the Armed Forces and their capabilities

(p.1 of 3)

*Ensure that the UK has the required Force Structure, training and equipment to carry out operations, as part of the implementation of the SDSR*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>1.1 Conduct the Strategic Defence and Security Review (SDSR) including Armed Forces capability reviews</b>	Completed	-
<b>1.2 Publish the National Security Strategy (NSS)/SDSR White Paper</b>	Completed	-
<b>1.3 Take forward restructuring activities as set out in the SDSR</b>		
i. Implement key restructuring activities in the Royal Navy, including:		
a) Remove the Royal Navy component of the Joint Harrier Force from service	Nov 2010	Apr 2011
b) Decommission HMS <i>Ark Royal</i>	Nov 2010	Apr 2011
c) Reduce by four the number of frigates	Nov 2010	Apr 2011
d) Place at extended readiness a landing and command ship	Apr 2011	Mar 2012
e) Decommission one Bay-class amphibious support ship	Apr 2011	Mar 2012
f) Reduce the number of Royal Navy Personnel by around 5,000	Apr 2011	Apr 2015

<b>MILESTONES</b>	
A. NSS/SDSR White Paper published	Complete
B. Implementation of the SDSR started	Nov 2010
C. Restructuring activities implemented in the Navy	May 2015

# 1. Restructure the Armed Forces and their capabilities

(p.2 of 3)

*Ensure that the UK has the required Force Structure, training and equipment to carry out operations, as part of the implementation of the SDSR*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>1.3 Take forward restructuring activities as set out in the SDSR (continued)</b>		
ii. Implement key restructuring activities in the Army, including:		
a) Reduce the non-deployable regional administrative structure to enhance our focus on front-line capabilities	Apr 2011	Mar 2015
b) Restructure to deliver five multi-role brigades	Apr 2011	Apr 2015
c) Reduce our holdings of Challenger 2 main battle tanks by 40%	Apr 2011	Apr 2015
d) Reduce our heavy artillery armoured vehicles (AS90) by around 35%	Apr 2011	Apr 2015
e) Rationalise wider equipment holdings in the light of experience on operations and improved fleet management	Apr 2011	Apr 2020
f) Reduce the number of Army Personnel by around 7,000	Apr 2011	Apr 2015
g) Restructure HQ Allied Rapid Reaction Corps (ARRC) and deployable divisional headquarters	Apr 2012	Apr 2015
<b>MILESTONES</b>		
D. Restructuring activities implemented in the Army	May 2015	

# 1. Restructure the Armed Forces and their capabilities

(p.3 of 3)

*Ensure that the UK has the required Force Structure, training and equipment to carry out operations, as part of the implementation of the SDSR*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>1.3 Take forward restructuring activities as set out in the SDSR (continued)</b>		
iii. Implement key restructuring activities in the Royal Air Force (RAF), including:		
a) Reduce the Tornado Fleet from 40 to 18 Force Elements	Apr 2011	Mar 2015
b) Remove the RAF component of the Joint Harrier Force from service	Dec 2010	Apr 2011
c) Accelerate Typhoon Force growth and increase multi-role capability	Apr 2011	Mar 2018
d) Switch to the more capable carrier variant of Joint Strike Fighter	Apr 2011	Apr 2023
e) Withdraw the three variants of the TriStar transport/tanker aircraft from service	Apr 2011	Apr 2013
f) Reduce the role of the VC-10 transport/tanker aircraft to undertake air-to-air refuelling only	Apr 2011	Apr 2013
g) Reduce the number of RAF Personnel by around 5,000	Apr 2011	Apr 2015
<b>MILESTONES</b>		
E. Restructuring activities implemented in the RAF	May 2015	

**2. Rebuild the Armed Forces Covenant and develop the New Employment Model (p.1 of 3)**

*Develop the New Employment Model and rebuild and formalise the Armed Forces Covenant which represents a promise of fair treatment, on behalf of the nation, to ensure our Armed Forces and their families are valued and respected, as part of the implementation of the SDSR*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>2.1 Introduce Armed Forces Bill</b>	Jan 2011	Jan 2011
<b>2.2 Issue a revised Service Personnel Strategy to include New Employment Model principles</b>	Started	Mar 2011
<b>2.3 Adjust the pay and allowances provision afforded to Service personnel, ensuring a balanced and fair remuneration package while maintaining affordability</b>		
i. Double operational allowance for Service personnel	Completed	-
ii. Include Service pay in the Fair Pay Review	Started	Mar 2011
a) Review interim report	Started	Dec 2010
<b>2.4 Develop rest and recuperation (R&amp;R) arrangements to ensure a balanced use of resources, provide value for money and minimise disruption to Service personnel and their families</b>		
i. Compensate Service personnel who have lost days from their R&R with extra days during their post-operational leave	Completed	-
ii. Ensure short tours are no longer than 119 days to minimise disruption to Service personnel and their families	Completed	-
<b>MILESTONES</b>		
A. Armed Forces Bill introduced	Jan 2011	
B. Fair Pay Review Final Report published	Mar 2011	
C. Armed Forces Continuous Attitude Survey 2010 published	Apr 2011	





### 3. Deliver the Defence Reform Unit's review

*Identify and deliver ways to create a simpler and more effective department, including significant reductions in running costs*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>3.1 Establish the Defence Reform Unit, led by Lord Levene</b>	Completed	-
<b>3.2 Conduct work-stream analysis to review effectiveness and efficiency of:</b>	Started	May 2011
i. Policy, strategy, financial planning and performance management		
ii. Armed Forces force generation, including harmony and tour length		
iii. Acquisition and support		
iv. Corporate services and estates		
v. Top-level governance, and the most senior posts		
<b>3.3 Complete the Defence Reform Unit's review</b>	Started	Jul 2011
<b>3.4 Publish an implementation plan setting out how the Defence Reform Unit's review will be delivered</b>	Sep 2011	Sep 2011
<b>3.5 Complete the implementation process</b>	Sep 2011	Apr 2015
<b>3.6 Reduce the number of MOD civilians in the core Department by 20,000</b>	Apr 2011	Apr 2015

<b>MILESTONES</b>		
A. Defence Reform Unit established	Completed	
B. Findings of Defence Reform Unit presented to the Defence Secretary	Jul 2011	
C. Implementation plan published	Sep 2011	

## 4. Deliver Defence in the most effective, efficient and sustainable way (p.1 of 2)

*Meet benchmarking, efficiency and Government sustainable development targets, building on the Defence Reform Unit's review*

<b>ACTIONS</b>	<b>Start</b>	<b>End</b>
<b>4.1 Continue to drive delivery of efficiencies over the Spending Review 2010 period, including relevant programmes in the Defence Change Portfolio e.g. Whole Fleet Management, Defence Intelligence Modernisation Programme, Future Brize</b>	Apr 2011	Apr 2015
<b>4.2 Define future programmes for further efficiencies, including through a refresh of the Defence Change Portfolio, throughout the Spending Review 2010 period, building on the Defence Reform Unit's review</b>	Apr 2011	Apr 2015
<b>4.3 Take forward activities to achieve efficiencies, including as part of the Defence Reform agenda, and to reduce non-front line costs by £2bn per annum by 2014/15, through:</b>		
i. Implementing changes to Service and civilian allowances	Started	Apr 2015
ii. Estate rationalisation (both sales and running cost savings)	Started	Apr 2015
iii. Equipment support savings	Started	Apr 2015
iv. Training efficiencies	Started	Apr 2015
v. Administrative cost savings	Started	Apr 2015
vi. Reductions in commodity spend	Started	Apr 2015
vii. Contract renegotiation	Started	Apr 2015
<b>MILESTONES</b>		
A. MOD Efficiency programme with a Senior Responsible Owner and implementation timetable agreed	Apr 2011	
B. New administrative cost regime defined	Sep 2011	
C. Refreshed Defence Change Portfolio agreed	Oct 2011	



## D) Departmental expenditure

This section sets out how the Department is spending taxpayers' money as clearly and transparently as possible.

We have included a table to show the Department's planned expenditure over the Spending Review Period, as agreed with the Treasury. It is split into money spent on resources (including the frontline), and capital (for instance new buildings and equipment). As soon as possible, we will include the proportion of this expenditure that goes to the voluntary and community sector and to small businesses.

By April 2011, each department will also publish a bubble chart setting out in detail how its settlement will be allocated for the 2011/12 financial year, across its key programmes and activities.

# Table of spending for 2011/12 to 2014/15

This section sets out the Department's planned expenditure over the Spending Review period, as agreed with the Treasury.

£bn <sup>1 2 3</sup>	Baseline 2010/11	2011/12	2012/13	2013/14	2014/15
<b>Total departmental expenditure allocation</b>	<b>32.9</b>	<b>33.8</b>	<b>34.4</b>	<b>34.1</b>	<b>33.5</b>
<i>Resource spending<sup>4</sup></i>	24.3	24.9	25.2	24.9	24.7
<i>Capital spending</i>	8.6	8.9	9.1	9.2	8.7
<i>Spend on voluntary and community sector (%)<sup>5</sup></i>	Data to be confirmed				
<i>Value of contracts to small and medium sized enterprises (%)<sup>5</sup></i>	Data to be confirmed				

1. Detailed breakdown of these budgets will be published by April 2011

2. Excludes departmental Annually Managed Expenditure

3. Numbers may not sum due to rounding

4. Excludes depreciation

5. To be confirmed at the end of each financial year

# Common areas of spend

The indicators below will help the public to judge whether the Department is being run efficiently, and can be compared across departments.

Indicators
<b>Overall:</b>
Cost of operating the department (including procurement, employment cost and property) over time and against projected cost
Number of employees, including breakdown by job type, seniority and their contract type (full time/part time)
Cost of corporate services (including human resources, finance, information and communications technology, communications, procurement) as a percentage of the cost of operating the department
<b>On 3<sup>rd</sup> party spend:</b>
Property cost per square metre and per employee
Cost of standard desktop computer per employee and number of electronic devices (laptops, desktops, mobile phones etc.) per employee
Value of major areas of spending (office products, travel etc.)
Number and value of major government projects and whether they will be delivered on time and to budget

## E) Transparency

Greater transparency across government is at the heart of our commitment to enable the public to hold politicians and public bodies to account, to reduce the deficit and deliver better value for money in public spending.

This section will set out the information that will enable users of public services to choose between providers, and taxpayers to assess the efficiency and productivity of public services, holding them more effectively to account. By publishing a wide range of indicators, we will enable the public to make up their own minds about how departments are performing. We will use transparency to facilitate the choice and democratic accountability which will replace top-down targets and micromanagement.

All the data in this section will be made available free of charge, and we will regularly review whether our published data meets the needs of the public.

This section is published in draft until April 2011 to allow for further consultation.

# Information strategy (p.1 of 2)

All work on transparency will be taken forward at Board level by 2nd Permanent Under Secretary. Implementation of transparency will be taken forward by the MOD Chief Information Officer, John Taylor.

## **Our approach to transparency**

Increased transparency will help improve accountability, efficiency and effectiveness. We are committed to increasing the transparency of our information and data, while taking into account the need to protect certain types of information, especially for security reasons, in accordance with the Freedom of Information (FOI) Act. The proactive publication of data online (in re-usable format wherever possible) is key to achieving this, and data will be published in line with the Public Data Principles wherever possible.

A considerable amount of information is available via MOD's corporate websites, and our FOI Publication Scheme helps the public understand what information they can access from the department. As new datasets are published, they will be signposted on [www.data.gov.uk](http://www.data.gov.uk).

The principles of transparency will be built into the next revision of the Department's internal Information Strategy and Plan. These will be published by April 2011.

## **Right to Request data**

In addition, the public are able to request data from the Department in advance of legislative changes under existing FOI mechanisms. This enables us to process and track requests via established means, and to ensure consistency of approach on those occasions when data needs to be withheld, by reference to FOI exemptions. We will seek wherever possible to put data into a reusable format before release.

The Department has certain responsibilities for national security issues. As far as possible, information on these activities have been made available as part of this business plan. However, national security concerns prevent certain information from being published. Where this is the case, departments are working with the Treasury and Cabinet Office to agree separate, internal systems of accountability to ensure efficient and effective use of public money.

# Information strategy (p.2 of 2)

## Publication of Data

As at October 2010, 45 published Defence datasets were signposted via [www.data.gov.uk](http://www.data.gov.uk). In addition, work is in hand to deliver the transparency commitments set out by the Prime Minister in May 2010, to release new data relating to:

- ICT contracts
- Tender documents for contracts over £10,000
- New items of central government spending over £25,000
- New central government contracts over £10,000
- Names, grades, job titles and pay rates for the most senior Civil Servants and NDPB officials
- Organograms

Further work is underway to embed the principles of transparency across the Department. The principles, and benefits will be included in plans and in letters of delegation. In addition, work is ongoing to progressively identify additional classes of data and new datasets for publication. New datasets will be clearly signposted as they are published on [www.data.gov.uk](http://www.data.gov.uk)

## Statistical Reports

MOD is unable to publish the underlying raw datasets behind some statistical reports for data protection reasons, since it would be possible to identify individual service personnel and MOD civilians from the raw data. However, the wider data behind many MOD official statistics publications can be accessed in aggregate format via the MOD's Build Your Own Table statistical tool available at [www.dasa.mod.uk](http://www.dasa.mod.uk).

# Input indicators

The Department will adopt the following indicators to help the public scrutinise our inputs:

Input indicator	When will publication start?	How often will it be published?
Additional cost of operations in Afghanistan, per Service person deployed	April 2011	Annual
Additional cost of new equipment (urgent operational requirements) for operations in Afghanistan, per Service person deployed	April 2011	Annual
Additional cost of standing military commitments/tasks and contingent operations per committed Service person	April 2011	Annual
Average percentage by which the cost of the MOD equipment programme varies compared to forecasts in year	April 2011	Quarterly/ Annual
Cost of major force elements, per ship, per brigade, per aircraft (fixed wing), per helicopter	April 2011	Annual
Cost/benefit ratio of the major change and efficiency programmes being undertaken in Defence	Apr 2011	Biannual
Percentage of non-front line costs versus front line costs, split by service	Apr 2011	Annual
Direct personnel costs, per Service person	Apr 2011	Annual
Direct personnel costs, per MOD civilian (split by Top Level Budget)	Apr 2011	Annual
Defence spending as a percentage of Gross Domestic Product*	Apr 2011	Annual

\*Using the NATO definition of defence expenditure

# Impact indicators

The Department will adopt the following impact indicators:

Impact indicator	When will publication start?	How often will it be published?
Number of missions led by ANSF and International Security Assistance Force (ISAF) operations conducted in partnership	Apr 2011	Annual
Number of Service personnel deployed to support civil agencies (e.g. police and fire service) during emergencies (including counter-terrorism)	Apr 2011	Annual
Number of attachés and advisors deployed in support of conflict prevention and defence diplomacy activities	Apr 2011	Annual
Percentage of Service personnel deployed on all operations in a year	Apr 2011	Annual
Number of Force Elements (typically ships, aircraft or ground force sub units) showing critical or serious weakness against the total number of force elements for Strategy of Defence priorities	Apr 2011	Annual
Average number of months that the MOD equipment programme is delayed in year	Apr 2011	Quarterly/ Annual
Percentage of Service personnel that are deployable	Apr 2011	Annual
Percentage change in filling skills areas where there are insufficient trained service personnel to meet the specified requirements	Apr 2011	Annual
Percentage of the UK population who believe that the Armed Forces do a good job	Apr 2011	Annual

## Other data (p.1 of 2)

We will publish a full range of datasets and our full departmental organogram on our website:

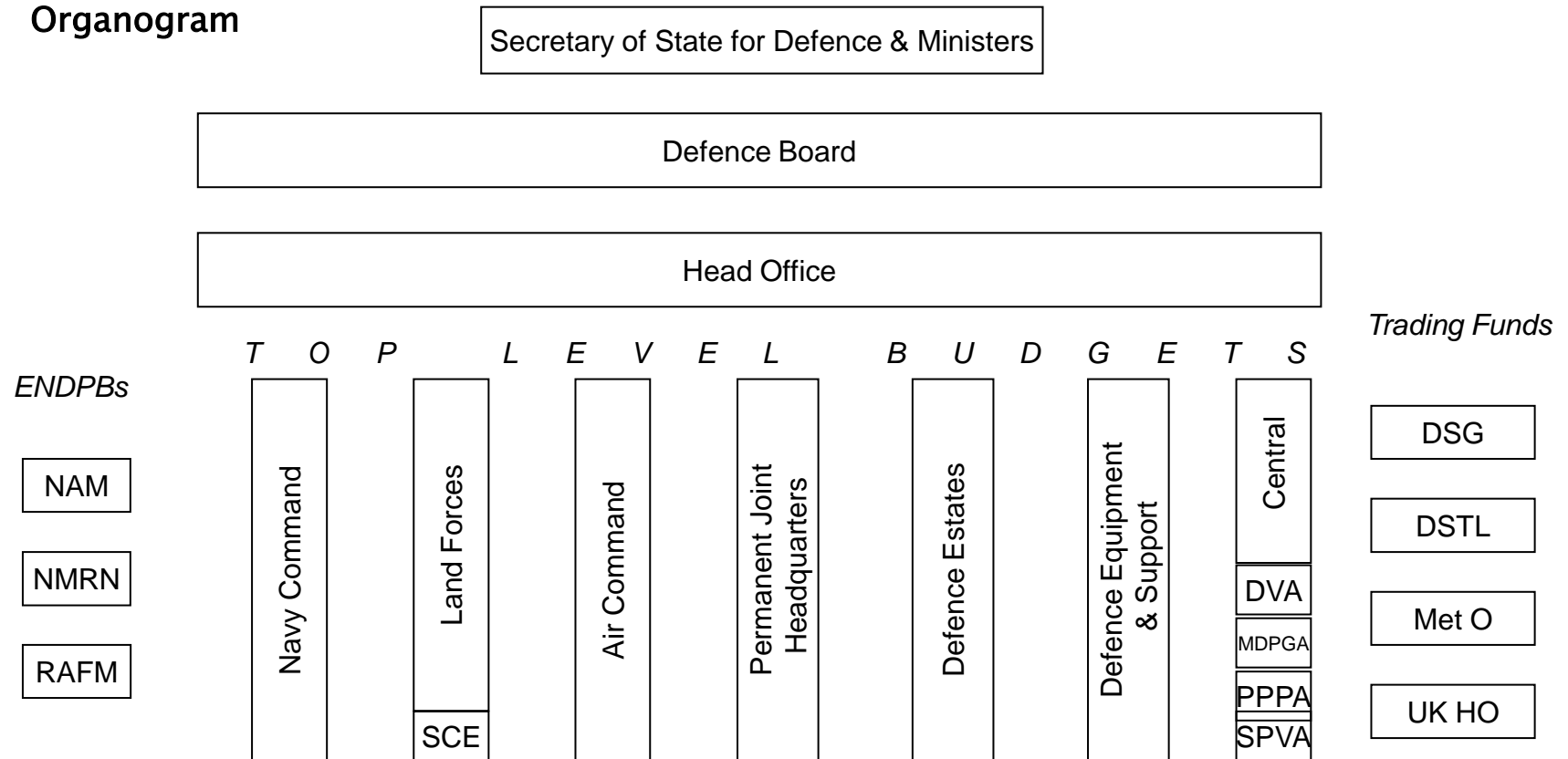
[www.mod.uk](http://www.mod.uk)

### 1. Other key data

- UK Armed Forces Quarterly Manpower Statistics (requirements, strengths, intake and outflow from the Armed Forces by Service)
- UK Regular Armed Forces Stationed Location (stationed location and movements of UK regular forces worldwide)
- UK Armed Forces Quarterly Mental Health Report
- Operational Fatality and Casualty Statistics (fatality and casualty statistics for UK military and UK civilians on operations in Afghanistan)
- Armed Forces Continuous Attitude Survey Main Results (information on the attitudes, opinions and circumstances of serving military personnel)
- Civilian Personnel Statistics (MOD civilian workforce by grade equivalence and budgetary area, and total civilian time series)
- UK Regular Forces Rank Structure
- UK Defence Statistics (the annual statistics compendium of the Ministry of Defence)
- Annual assessment of affordability (annual assessment of the affordability of the equipment and support programme against the 10 year financial horizon)
- Ministry of Defence Statistics via Build Your Own Table (tool that allows users to generate tables of defence statistics in the format they require, including service personnel statistics, MOD civilian statistics and war pensions statistics)

# Other data (p.2 of 2)

## 2. Organogram



### Key

DSG	Defence Support Group	NAM	National Army Museum
DSTL	Defence Science and Technology Laboratory	NMRN	National Museum of the Royal Navy
DVA	Defence Vetting Agency	PPPA	People, Pay and Pensions Agency
ENDPBs	Executive Non Departmental Public Bodies	RAFM	Royal Air Force Museum
MDPGA	MOD Police and Guarding Agency	SCE	Service Children's Education
Met O	Meteorological Office	SPVA	Service Personnel and Veterans Agency
		UK HO	United Kingdom Hydrographic Office