

2010-2013

Business Plan



Defence Equipment & Support



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To equip and support our Armed Forces for operations now and in the future

Section 1 – Mission Statement

The DE&S Mission -

To equip and support our Armed Forces for operations now and in the future

It contributes towards the **Defence Vision** – Defending the United Kingdom and its interests, strengthening international peace and stability and being a Force for Good in the world – and supports the three **Departmental Strategic Objectives**:

- DS01:** Achieve success in the military tasks we undertake, at home and abroad.
- DS02:** Be ready to respond to tasks that might arise.
- DS03:** Build for the Future.

The **Defence Plan** sets out how these will be delivered, through the **Strategy for Defence**. This **DE&S Business Plan** outlines how DE&S will deliver its Mission over the period 2010-13 in support of the Defence Vision and Defence Plan.

Section 2 – Objectives

Our Mission is amplified by five **Strategic Objectives** which underpin all DE&S activity:

<p>S01: Support and sustain equipment and deliver logistics throughout the Operational Planning Cycle with the agility and responsiveness required by the Front Line Commands and PJHQ, exploiting the benefits of an End-to-End approach</p>	<p>Strategic Objective One ensures we get the right equipment to the right place at the right time and in the right material condition, providing the Front Line Commands with the required levels of sustainability. During the period covered by this Business Plan, we will be working with the Sponsor, the Front Line Commands and PJHQ to deliver our JBA and UOR commitments, and placing a high priority on the successful implementation of the three key PACE projects (Flexible Resourcing, Capability Delivery and Collocation) to ensure that we have the ability to meet future demands</p>
<p>S02: Develop and sustain a highly professional and motivated workforce characterised by strong leadership and a commitment to performance management and skills development in support of business needs</p>	<p>Strategic Objective Two places emphasis on ensuring our people are recognised for the high quality skills they already have, and get even better. To help meet this objective we will: continue to implement the Leadership and Upskilling elements of PACE; undertake targeted Recruitment & Retention, embed Succession Planning and Talent Management; and re-skill our workforce where necessary to prepare us for the future</p>
<p>S03: Excel in managing through life a portfolio of complex projects related to new and existing equipment assets in a way that demonstrates commercial best practice and outstanding technology management</p>	<p>Strategic Objective Three focuses on delivering available and effective capabilities. The successful implementation of a programme approach to Capability Delivery, that allows us to ensure all Lines of Development are managed coherently will be central to meeting this Objective</p>
<p>S04: Develop a strong and enduring relationship with industry that can unlock the potential of the industrial supply chain to optimise the provision of through life capability for defence</p>	<p>Strategic Objective Four recognises the necessity to optimise the industrial supply chain. Development and delivery of Defence Industrial Strategy improvements will remain a high priority in our business</p>
<p>S05: Embed a culture of continuous improvement of effectiveness, efficiency, sustainable development and safety across acquisition and logistics support, working on the basis of mutual understanding and trust with the Sponsor, User, suppliers and other stakeholders</p>	<p>Strategic Objective Five is at the heart of our continuous efforts to improve our business and resulting performance. Ensuring the safety of the equipment we provide – and of our people - is of paramount importance. We also need to improve our inventory management to drive efficiency in logistics support arrangements</p>

Section 3 – Performance Measures

The Business Plan supports the delivery of our strategic objectives and the aims of the Business Strategy.

We must therefore have an understanding of what success looks like and how we measure this success in order to set priorities and distribute resources to run the business. For 2010–11, the measures and indicators against which we measure our performance will be similar to those operated

in 2009–10. This will give an insight into trends over time, allowing us to see the realisation of improved working approaches.

DE&S Performance Measures

To manage DE&S business, the Main Board will monitor the following Key Performance and Business Improvement Indicators on a routine basis¹:

Strategic Objective: S01					
Measures Number	Description	Target			
		FY 10/11	FY 11/12	FY 12/13	FY 13/14
1.1.1	JSC Effectiveness	87%	88%	89%	90%
1.1.2	DIET – Management by Facts	Performance against a number of detailed targets separately listed within the FY 10/11 Performance Management Handbook			
1.2.1	Urgent Operational Requirements	90%	90%	90%	90%
1.3.1	Joint Business Agreements	>98%	>98%	>98%	>98%

Strategic Objective: S02					
Measures Number	Description	Target			
		FY 10/11	FY 11/12	FY 12/13	FY 13/14
2.1	People - sufficient				
2.1.1	Manpower Control Total	£980M	£970M ²	-	-
2.1.2	Manpower numbers at year end	22,019 PACE Profile Target	20,000 PACE Profile Target	-	-
2.2	People - sickness				
2.2.1	Sickness absence (Overall)	7.2 Days	1.5% Improve	1.5% Improve	1.5% Improve
2.3	People – skilled, experienced and qualified				
2.3.1	Staff to achieve 6+4 training targets	85%	85%	85%	85%

¹ Performance against any TLB Performance Measures in the Defence Plan not covered here will be managed centrally.

² Will not exceed 20,000 posts.

Strategic Objective: S03					
Measures Number	Description	Target			
		FY 10/11	FY 11/12	FY 12/13	FY 13/14
3.1.1	Performance	97%	97%	97%	97%
3.1.2	Cost (average in-year cost growth)	0.4%	0.4% hard 0.2% stretch	0.4% hard 0.2% stretch	0.4% hard 0.2% stretch
3.1.3	Cost (projects reporting in-year cost growth ≤ 2.5%)	85%	85% hard 90% stretch	85% hard 90% stretch	85% hard 90% stretch
3.1.4	Time (average in-year slippage months)	0.8	0.8 hard 0.4 stretch	0.8 hard 0.4 stretch	0.8 hard 0.4 stretch
3.1.5	Time (projects reporting slippage ≤ 3 months)	80%	80% hard 90% stretch	80% hard 90% stretch	80% hard 90% stretch
3.2.1	Capital Asset Deliveries	+/- 10%	+/- 10%	+/- 10%	+/- 10%
3.3.1	Project Management Benchmark	Maintain a top-quartile place in the Human Systems Ltd independent assessment.			

Strategic Objective: S04					
Measures Number	Description	Target			
		FY 10/11	FY 11/12	FY 12/13	FY 13/14
4.1.1	Supplier Assessment of MoD	7.4	7.5	7.7	7.9
4.2.1	MOD Assessment of Suppliers	7.4	7.5	7.7	7.9

Strategic Objective: S05					
Measures Number	Description	Target			
		FY 10/11	FY 11/12	FY 12/13	FY 13/14
5.1.1	Efficiency of asset production – asset turnover	Turnover 36 months rolling average	Turnover 36 months rolling average	Turnover 36 months rolling average	Turnover 36 months rolling average
5.1.2	Contribute £1.454Bn by 10/11 to the delivery of VFM savings across the CSR 07 period	Deliver remaining £155M of savings	-	-	-
5.2.1	Sustainable Procurement – Maturity Model	Level 2 in all themes by 31 Mar 11		Level 3 in all themes by 31 Dec 12	Level 4 in all themes by 31 Mar 14
5.3.1	Safety – Reduce the rate of major and serious injuries	5% reduction which is <339 per 100,000 personnel	5% reduction which is <322 per 100,000 personnel	5% reduction which is <306 per 100,000 personnel	5% reduction which is <291 per 100,000 personnel

5.3.2	Safety – Effective SEMS	70% Level 4 or above 100% Level 3 or above	100% Level 4 or above	40% Level 5	40% Level 5
5.3.3	Safety – OHSE Compliance	All OC's achieve full assurance (>90%)	All OC's achieve full assurance (>90%)	All OC's achieve full assurance (>90%)	All OC's achieve full assurance (>90%)
5.3.4	Safety – Equipment related safety accidents and incidents	100% reduction on baseline			
5.4.1	Environmental – Reduce number of DE&S Tier 1 to 3 environmental incidents	10% reduction which is <97 incidents	10% reduction which is <87 incidents	10% reduction which is <78 incidents	10% reduction which is <70 incidents
5.4.2	Environmental – Equipment related environmental accidents and incidents	100% return for baseline	TBC % reduction on baseline		

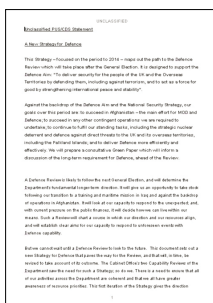
Defence Plan Measures

The performance measures above support or directly contribute to the Performance Objectives placed on DE&S in the Defence Plan. These are:

- a. Ensure DE&S delivery of acquisition projects to the required delivery targets and development of DE&S organisational capability improvements.
- b. Deliver adequate logistics support to Front Line Commands, Chief Joint Operations and Centre as agreed in funded Joint Business Agreements to permit accountable TLB holders to deliver target readiness against the requirements laid down in the Defence Plan confidential annex and the standards set for manpower.
- c. Deliver adequate logistics support to Front Line Commands, Chief Joint Operations and Centre as agreed in funded Joint Business Agreements to permit accountable TLB holders to generate, deploy, sustain and recover Force Elements for current operations and standing tasks.
- d. Ensure the delivery of effectiveness by setting out the DE&S change plans for how DE&S will deliver the key principles of the DE&S future operating model: an optimised organisation, an enabled business and a developed workforce.
- e. Deliver the TLB relevant Defence Change projects to modernise Departmental business and improve effectiveness and efficiency.
- f. Procure and Support infrastructure through life:
- g. Logistics C4I: Deliver Information Solution Projects to improve support to Current Operations and ensure effective End to End management of the Defence Inventory:
- h. Rotary Wing Sustainment: Improve the availability of RW assets and more effective use in preparation for operations.
- i. Contractor Support to Operations: Improve the integration of contractors on current and future operations including ensuring operational, commercial and personnel risks are well understood and managed.
- j. Budget not overspent: Budget is not underspent by over 1% against TLB control totals.
- k. Ensure compliance with Sustainable Procurement Task Force's Flexible Framework – a maturity model covering five themes: people, policy/communications/strategy, procurement processes, engaging suppliers and measurement and results.

Section 4 – Strategy

Strategy for Defence



DE&S Planning



Operating Centre Business Plans



Strategy for Defence.

Departmental direction and supporting detailed Technical Instruction
'Sub-strategies'
 Vehicles for delivering overall Strategy

Strategy for Acquisition Reform.
 Reform of acquisition framework

Strategic Objectives (S01-5)

Deliver Our Mission through support to Current Ops with Afghanistan the 'Main Effort'
Deliver our mission better by improving:
 Capability Delivery
 Flexible Resourcing
 Upskilling
 Recruitment and Retention
 Succession Planning and Talent Management
 Streamline Business Processes
 Information Systems
 Safety Management Improvement
 Collocation

Objectives Performance Measures Strategy Risks Actions Milestones

Context

DE&S enters 2010-11 guided by the Department's Strategy for Defence³ (see box), announced in October 2009. The Strategy makes clear that our main effort is to succeed in Afghanistan, and any other contingent operations we are required to undertake, as well as become more efficient and effective. Together with the Defence Green Paper⁴ and the Strategy for Acquisition Reform⁵ published in February 2010, the Strategy for Defence will shape the activity in DE&S and provides the basis for the Strategic Defence Review expected in the next Parliament.

Within this context, the DE&S Business Strategy 2008-12⁶ continues to set our direction of travel. The Strategy makes clear that delivery of our Mission – to equip and support our Armed Forces for operations

now and in the future – is our immediate focus, and achieving this successfully means we must also put significant effort into change. Specifically, we aim to improve our performance by becoming more efficient and more agile and, as a result, increasing the confidence of our stakeholders.

While the direction of travel remains valid, however, circumstances around us have changed and will continue to do so. Safety needs to be placed at the heart of everything we do. The financial constraints we face have tightened and reporting arrangements to the Treasury and Parliament are changing under the pan-Government Alignment project. We will have fewer people than were envisaged in 2008, as our manpower numbers draw down more quickly than we planned.

³ Joint Statement from PUS and CDS, 28 October 2009.

⁴ Adaptability and Partnership: Issues for the Strategic Defence Review (Cm7794).

⁵ Strategy for Acquisition Reform Cm 7796 dated Feb 2010.

⁶ DE&S Business Strategy 2008-12, March 2008.

The Strategy for Defence (SfD) was announced in October 2009 and covers the period to 2014. It sets out the priorities for Defence:

- To succeed in Afghanistan – the main effort for MOD and Defence
- To succeed in any other contingent operations we are required to undertake
- To fulfil our standing tasks, including the strategic nuclear deterrent and defence against direct threats to the UK and its overseas territories, including the Falkland Islands
- To deliver Defence more efficiently and effectively

Sub-strategies are now being developed beneath the SfD; those that will be particularly important to DE&S include Logistics (for which CDM is process owner), Capability, Acquisition and People. Eventually the relevant elements of these will be brought together in a new DE&S Business Strategy.

This Business Plan therefore sets out how we intend to deliver our outputs in these circumstances and continue to develop our business to meet the needs of the Strategy for Defence, support the anticipated Strategic Defence Review and be well-placed to deliver its outcomes. Inevitably this means there is greatest clarity surrounding Year 1 of the Plan. The later years will be shaped by the Defence Review, but we expect them to be characterised by the continuing need to maximise efficiency and reduce our operating costs further while delivering our agreed outputs in a safe and professional manner. This may include reducing the level of output to match the resources available. The outcome of this work will be captured in a new DE&S Business Strategy, which will also set out how we help deliver the Strategy for Acquisition Reform.

Progress

The Business Strategy defined the organisation we want DE&S to become by 2012: smaller, more skilled, more agile and more effective at managing performance through life and with high stakeholder confidence in our delivery. This remains our aim.

We are now halfway through the PACE programme set up to deliver that outcome⁷ and making substantial progress. In April 2010 DE&S will have reduced to fewer than 22,000 staff, a large number of whom are operating Flexible Resourcing and Flexible Working practices and collocating to the Bristol site. Support to Programme Boards is strongly rooted in Operating Centres, who are now developing

this support function to bring it more closely together with performance management. We have undertaken a substantial rebalancing of our internal resources⁸ to streamline corporate services and focus our effort on delivering support to operations.

And in the midst of this we have retained high levels of performance. Feedback from forces in theatre continues to show high levels of satisfaction with the equipment and support they receive. Independent benchmarking places our Project and Programme Management Capability high in the top quartile of comparator organisations. And the majority of our projects have performed well, with our headline performance indicators often skewed by delays or cost increases in only a very small number of projects.

Next Steps

Delivering Our Mission

During 2010-11 and beyond the importance of support to current operations is paramount. Delivery of equipment and support to Afghanistan (including Urgent Operational Requirements) remains our top priority, in line with its status as the Department's main effort. Beyond this, we will ensure our work supports the Front Line Commands in developing contingent capabilities in support of the Strategy for Defence, and work to: review the way we manage our support chain and in particular our inventory; put in place key enablers to introduce the Defence Core Network Service; and develop the Logistics sub-strategy to the Strategy for Defence.

⁷ DE&S Blueprint – The future operating model, 18 January 2008. The PACE programme – Performance, Agility, Confidence, Efficiency – was launched March 2008.

⁸ Strategic Resource Rebalancing, Autumn 2009.

We will continue to refine and improve the management of our portfolio of projects. This includes the implementation of a Project Foundation Review, to ensure the foundations for success are in place at the outset of a project's lifecycle; and further implementation of Capability Delivery to achieve the 'Balance' Milestone and ensure that programme operation is supported by an initial-operating-capability management information toolset. We will also transform the Cost Assurance and Analysis Service so it is better able to provide independent cost estimates for use by teams across the Department, and to provide overall costing of the Equipment & Support Programme.

During 2010-11 DE&S will continue to implement the Defence Industrial Strategy Sector Strategies and develop them further, supporting the Director General Defence Commercial in taking forward development of the overall strategy.

Delivering our Mission Better

Work taken forward during 2010-11 to deliver the Strategy for Acquisition Reform will be embedded in PACE and includes sharpening our relationship with Head Office and Front Line Commands through a written Terms of Business Agreement to enforce greater discipline. It also includes early steps to bring the costs of DE&S delivery activity (including manpower) within the Equipment & Support Programme – we will run a number of pilots to understand how this is best done, to enable full roll-out across DE&S in April 2011. This work will also address the need for greater financial discipline, increased internal accountability for project performance and increased access to / development of professional skills.

Our organisation must develop as this work rolls out. With Operating Centres now established as the key business units in DE&S we will continue developing their ways of working, within themselves and between each other. The Strategic Resource Rebalancing exercise at the end of 2009 ensured manning is concentrated in the right areas, providing increasing support to Operations. Our workforce planning will be now driven by the implementation of the Strategy for Acquisition Reform, focused skills development and strict recruitment controls and financial restraints.

Our aim is to ensure that our resources are best allocated to support the Department's main effort while allowing us to operate on a safe & professional basis. We will develop a robust safety culture within DE&S that starts from the top. The emphasis we have previously placed in upskilling and leadership will be reinvigorated and better targeted, augmented by external expertise where that delivers value for money. In parallel we will continue to build and maintain staff engagement. Together this will ensure that we have suitable qualified and experienced staff available working within the right environment to meet the priorities of today and the challenges of tomorrow. The resulting priorities for our change activity are set out in the box opposite.

We will continue work on the reputation of DE&S, which is determined by what we say, what we do and what our stakeholders say about us. Contributory factors include delivering our agreed outputs, managing our risks successfully and communicating effectively with our stakeholders. This year, the Board has decided to focus our attention on the internal MOD audience, namely Head Office, Front Line Commands and especially our own staff within DE&S.

The extensive changes now underway - implementation of PACE, the introduction of a Strategy for Defence, the creation of guiding Sub-strategies, the Strategy for Acquisition Reform and, in due course, a Strategic Defence Review - offer the prospect of better alignment of our outputs with stakeholder expectations and an enhanced capability to change to deliver our goals. Our aim of a smaller, more skilled and agile workforce managing performance through life is enduring. This Business Plan, and the emerging Strategy for Acquisition Reform implementation, will smooth the achievement of this in a safe and professional manner.

DE&S Main Board Change Priorities

Doing things better (do things we should be doing well):

- Collocation
- Business Planning
- Upskilling
- Materiel and Financial Planning
- DIS sector strategies
- Safety leadership and management
- Inventory management and stock reduction.

Doing things differently:

- Capability Delivery
- Flexible Resourcing
- MoD Unified Customer disciplined interface
- Information & Knowledge Management
- Re-skilling in response to Strategic Resource Rebalancing, civilianisation and the Defence Acquisition Reform Programme
- Financial control in accordance with the new pan-Government Alignment project.

Section 5 – Risks

DE&S has done much over the last year to advance its understanding and management of the risks facing DE&S in pursuit of its objectives.

In December 2009, the Main Board undertook a full review of the DE&S Strategic risks to ensure that they continue to reflect both the risks identified within the business and the wider strategic issues foreseen by the Board. As a result, the Main Board has agreed to a revised set of strategic risks. The DE&S Main Board and Executive Committee will review the list of risks and monitor the implementation and effectiveness of the mitigation plans on a monthly basis. Where appropriate, the Board will also take the necessary action to mitigate or escalate these risks.

The **DE&S Risk Coherence Forum** has been set up to ensure that risk management activity across is coherent and ensure that policy, process, tools and training are all aligned. Led by DE&S Chief of Staff and the Chief Operating Officer, five improvement areas - Policy, Processes, Systems, Leadership and Training – have been established. This work continues to mature and the Risk Coherence Forum approved a Campaign Plan in December 2009 that will be implemented over the next eighteen months.

DE&S continues to explore how risks, and their mitigations, can be escalated both within DE&S and to other TLBs. This is of particular importance with the continuing maturity of Through Life Capability Management which requires risk to be managed across all of the areas contributing to the delivery of a military capability (Defence Lines of Development). The DE&S Risk Coherence Forum will lead the way in developing our approach.

Section 6 – Strategic Actions

The DE&S Strategic Actions for 10/11 reflect the work needed to implement the key work outlined in the Strategy at Section 4. They are:

Action	Owner	Strategic Objective
Develop the Logistics sub-strategy to the Strategy for Defence	ACDS (Log Ops)	S01
Implement stronger inventory management	D JSC/ D Fin	S01
Prepare for the introduction of the Defence Core Network Service	D ISS	S01
Increase the helicopter capability available to operational commanders in Afghanistan in line with NSIDC direction	D Hels	S01
Develop Workforce and Skills Planning to drive further re-skilling and up-skilling in DE&S	D HR	S02
Develop and implement an Engineering Strategy for DE&S	D S&E	S02
Manage the rebalancing of staff resources – civilian/military and between Operating Centres – to support business priorities and meet manpower controls	D HR/ COS	S02
Implement Flexible Resourcing	D Change	S02
Transform Cost Assurance & Analysis Service	D Comm	S03
Develop and test the process for allocating the costs of DE&S delivery activity to the Equipment & Support Programme, for roll-out in FY 2011-12 (“Programme Delivery Costs”)	D Change	S03
Implement Project Foundation Reviews	D PTG	S03
Continue implementation of Capability Delivery to achieve the ‘Balance’ Milestone	D PTG	S03
Continue development and implementation of the DIS Sector Strategies	COO	S04
Develop and begin implementation of the DE&S Management Information Strategy	CIO	S05
Implement the Defence Information Management and Skills Maturity Model in DE&S, to achieve Level 2 by March 2011	CIO	S05
Ensure Government Policy on Sustainable Procurement is enacted	Hd Sust Proc	S05
Implement MOD Sustainable Development policy in DE&S	CCS	S05
Implement improvements in the DE&S approach to safety	D S&E	S05
Continue Collocation of Office-Based Accommodation to Abbey Wood and Corsham New Environment	D Change	S05
Strengthen financial controls to reflect the new pan-Government Alignment project	D Finance	S05

DE&S Business Plan 2010 - 2013

JSC Strategic Milestone 02 – Future Logistic Information Services (FLIS) DP Vesting Day					
Complete Sea Viper salvo firing from Longbow trials platform					
Naval EHF/SHF Satcom Terminal (NEST ((NET)) - SHF Harbour Acceptance Trial					
MARS Tanker - Invitation to Submit Detailed Solutions	Complete pilot for T22 and HUNT class Class Output Manager				
Future Strategic Tanker Aircraft- 1st Flight (start of Trials programme)	Complete METEOR High Altitude Guided Firing	Unmanned Air Systems- Watchkeeper In Service Date	First flight of Merlin Mk 2 (MCSP)		C-17-Delivery from Production Line
Unmanned Air Systems- Reaper FOC + achieved	Project Julius – 1st a/c TI complete and available for flight test	The 8th reverted Chinook Mk3 delivered to JHC	Wolfhound Equipment Delivery Date (Total Herrick Operational Requirement 14)	FIST 1a In Service Date	Manufacture Complete of first CUTLASS System
Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
DIS: Fixed Wing Sector Strategy- Submission of Strategy to the Defence Board Sub-Committee on Equipment (DBSCE)		Flexible Resourcing Full Operating Capability Achieved		ISS: Full occupancy of new offices and Global Operations and Security Control Centre (GOSCC)	CIO: Achieve Defence Information Management Skills Maturity Model (DIMSMM) Level 2
Capability Delivery: Programme operation supported by IOC mgt information toolset		DIS: Land Systems Strategy Plan, submission to the Defence Board Sub-Committee on Equipment (DBSCE)			Baseline emissions from Defence equipment
Programme Delivery Costs (PDC) Pilots Complete		Submit to Programme & Performance Board a report on Technology Delivery pull-through to projects			



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MINISTRY OF DEFENCE