

JFC/Senior Structures/Liability Review

26 Apr 12

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DEFENCE REFORM – LIABILITY REVIEW

References:

- A. DRU/05/06 dated 12 Mar 12
- B. JFC/Senior Structures/Liability Review dated 3 Feb 12 (attached at Annex E)

1. My apologies for the delay in the submission of this report, which was caused by the overriding focus in recent months on achieving Initial Operating Capability for Joint Forces Command on 2 Apr. Annex A of Reference A set out the preferred format for these reports, and I shall follow that.

Confirmation of scope

2. All civilian posts from Band B to 2* within the Joint Forces Command Initial Operating Capability structure have been reviewed, as have all non-front line¹ military posts from OF5 to 2*. All military posts under the Surgeon General are classed as front line, and those in the relevant ranks have been reviewed. I have not reviewed posts currently deployed on operations commanded by the Chief of Joint Operations; we will produce a definitive list of these separately.

TLB organisational structure

3. I attach at annex D a diagram providing the information requested for 2 Apr 12 in terms of each starred post and post title, whether it is military or civilian and the number of Band B1s, B2s and OF5s reporting to it. It does not indicate whether posts are lifed – this will need to be cross-referenced to Annex A. I should also add that it is a snapshot; in an evolving and new organisation there is almost daily change.

4. As per footnote 5 to Reference A, I have not provided equivalent diagrams for Apr 11, or for Apr 13. The reason for not looking forward at this stage is that we expect significant re-organisation over the next 12 months, and beyond, but do not yet have a clear picture of what this will result in. I will cover this in more detail in the supporting narrative.

Changes made since 1 Apr 11

5. This is not straightforward information to capture and summarise, not least given the significant changes and complexity around the establishment of JFC HQ, and also the impact of Grimstone and other factors. Annex C is not a wholly definitive picture, but does seek to capture the deletion or creation of permanent posts, and where there has been militarisation or civilianisation. I don't believe that the amount of further work that would be required to create a

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definitive picture would be justified by the value of the output, and do not intend to pursue this. The Defence Academy has taken Sep 10 as its baseline since this was the baseline used for the Academy's major internal change programme, the Defence Academy Process and Organisation Review, and was the date when changes which have led to the implementation of a leaner structure were started.

Further changes to Apr 13 and beyond

6. Annex A sets out in the form requested for those posts that we already know are changing. I realise that the position we are in with the establishment of Joint Forces Command – with much change promised but not yet specifically defined in terms of impacts on individual posts – does not assist greatly with the Liability Review. I have therefore additionally produced Annex B. This comes with two caveats. First, the judgements are the result of my personal analysis of the job descriptions, organisational structures and other data gathered; while JFC Board members have seen the paper I would be surprised if within their own areas of responsibility they agreed with every word. Second, it would be unwise to extrapolate every judgement within it to a specific saving for at least three reasons – in some key parts of JFC, especially the HQ, we are manifestly short of senior liability (see below) and will expect to recycle many potential savings as compensating reductions rather than absolute cuts; much depends on drawdown in Afghanistan and a genuine return to contingency; and there are significant interdependencies and uncertainties that are likely to lead to change to these plans.

Supporting narrative

7. You asked for this to cover the rationale for the changes proposed and the scope for any further reductions in senior posts and proposed areas for further work. I don't suppose you wish me to rehearse the arguments for the creation of Joint Forces Command and the direction of travel set out in the Design Paper, and at a more detailed level I hope that Annex B points the way in individual business areas (rather than across JFC as a whole). I would simply observe that JFC and its constituent parts have inherited some stiff financial targets over the next few years, and we will not achieve these without delivering senior post reductions. I would prefer not to be tied to a percentage target in this stage – we will meet those financial targets but form should follow function, since we will be less effective as an organisation if we have the wrong grade/rank and civilian/military mix.

8. In that context, you asked for an explanation if a TLB judges that the "rule of thumb" assumption of reductions by up to 33% is unachievable. I am afraid I don't think there is much sense in having a rule of thumb in this area. All TLBs start from different positions and with different levels of past achievement – both pre- and post-Apr 11 – and with different pressures.

[REDACTED]

The same arguments apply to some degree to Defence Intelligence and Surgeon General, though they have more and less operationally-focused elements of their business and they have plans to shrink further where they can. So I think it would be wrong to expect those areas at the forefront of Departmental Main Effort to be reducing by up to 33%, and it is illogical to expect the less operationally focused parts of the TLB to be achieving much greater reductions than that in order to compensate. All of that said, when the definite impact of Annexes A and C and potential impact of Annex B are taken together against the baseline of around 300 non-front-line posts (i.e. excluding Surgeon General's area and posts on deployed operations) they suggest reductions of around 20% in senior posts and the downgrading of more. In context, this strikes me as a good level of achievement. I will not be in a position to compare levels of reduction in JFC of senior posts against overall post reductions for some time.

9. As set out at the head of the table at Annex C, as well as post reductions, there have also been post increases associated with the establishment of Joint Forces Command. It would be remiss of me not to point out that no source of funding for the new 4* and 2* posts and their immediate support staff has yet been definitively identified and the funding is being borne at risk.

When they were created we were expecting a corresponding funding uplift; its apparent absence is not without consequences and we will now have to pursue this during ABC 13. Similarly, you are aware of the position regarding – and have accepted the requirement for – a Joint Forces Command Director of Capability post. I have not made reference to that post in the Annexes, pending the process that we have agreed through which we will seek PUS's formal approval of its establishment and our joint work to identify funding for it. I would simply point out for now that, as I know you have already concluded, there are no other obvious candidates within the JFC structure who could perform this role and none of the savings set out at Annexes A or C offer like-for-like compensating savings of the sort that might be judged to exist elsewhere. We are additionally supporting or planning to support a small number of other senior posts on a temporary basis; again, this raises short term funding issues that we will manage internally in the usual way.

10. Finally, I would like briefly to set out the Joint Forces Command approach to de-layering, which I think is relevant to the review and – alongside other approaches being taken elsewhere – might provide elements of good practice of wider applicability. It is a multifaceted approach which we judge already creates a significantly leaner organisation than comparators elsewhere:

- a. There is no 3* layer within the Headquarters.
- b. Where there are 3* posts within JFC but outside the headquarters they have either:
 - i. Taken on additional functional responsibilities, for example CDI with further cyber responsibilities, as the Defence Authority for C4ISR, and the Defence lead for Counter-Intelligence;
 - ii. Taken on additional financial responsibilities, for example Director General Defence Academy for DCDC's budget;
 - iii. Taken on additional organisational responsibilities, for example Surgeon General as the Defence Primary Health Care programme develops, and Director General Defence Academy for the National School of Government International team;
 - iv. Increased their focus on core tasks, for example Chief of Joint Operations;or a combination of these things.
- c. There is also an extremely lean 1* layer with direct reports into it at both Band B / OF5 and Band C1/ OF4 levels rather than the traditional hierarchical structure. We expect this model to be increasingly adopted in other parts of JFC.
- d. Based at Northwood, JFC HQ shared services with PJHQ in a range of key support areas, from military and civilian manpower to legal and media and advice to information management. At least 5 senior posts at OF5 and above are within scope of these shared services and might otherwise have been duplicated.
- e. The very small headquarters size (150 in total and around half that if one regards Joint Warfare as a business unit rather than headquarters function, as arguably we should) institutionalises a federated approach – we have to the maximum extent possible eliminated the layer created by “man-marking” which is prevalent in Defence.

Taken together, these approaches have made JFC as a whole affordable, and – while there is more to come as we head towards full operating capability – enabled us to bear down on senior staff numbers from the outset. To reiterate what Annex C already shows – the establishment of a new 4* command led to the creation of only three permanent senior posts at IOC.

11. Again, sorry for the late return. I stand ready to contribute to the next stages of the process.



Annexes:

- A. Confirmed changes to JFC senior posts from 2 Apr 12
- B. Detailed review of JFC sub-organisation senior posts
- C. Changes to JFC Senior Posts 1 Apr 11 – 2 Apr 12
- D. Joint Forces Command organisational construct at IOC 2 Apr 12
- E. JFC interim Liability Review progress report dated 3 Feb 12

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Defence Academy	College of Management and Technology – DIOEES HQ Head	OF5	Disestablish by 2013	PR 12 savings measure
Defence Academy	JSCSC – Army Div Director D Div	OF5	Disestablish by 2014	PR 12 savings measure
Defence Academy	JSCSC – ACSC Director B Div	OF5	Disestablish by Sep 12	PR 12 savings measure
Defence Academy	RCDS – Senior Directing Staff 4	OF7	Civilianise to SCS PB1 by 2012	
Defence Academy	RCDS – Senior Directing Staff 3	OF7	Civilianise to SCS PB1 by 2014	
Defence Academy	RCDS – Head Strategic Planning	SCS PB1	Disestablish by end 2012	
JFC HQ	JFC Project Manager	B2	Temporary post to be disestablished Jul 12	

Detailed review of JFC sub-organisation senior posts

JFC HQ (including Directorate Joint Warfare, JFLogC, JFHQ and Defence Centre of Training Support)

There are no plans to disestablish posts. If anything, as set out elsewhere, the direction of travel in the short term is likely to be in the opposite direction. There are, however, potential synergies between Joint Warfare and other parts of JFC which might in due course yield senior post savings.

PJHQ

The establishment of JFC has significantly affected senior posts in JFC. Two of its three 2* posts have transferred out, as have four of its 11 1* posts and over a third of its OF5 / Band B posts have either transferred or are now operating as shared services supporting both PJHQ and JFC. While no posts have been disestablished, this does leave PJHQ with a leaner, sharper and arguably both more efficient and less resilient senior structure.

There are two issues for the future in relation to PJHQ:

- The first relates to potential synergies with other parts of JFC. It is possible that a new model for strategic direction on medical issues could save an OF5 post between PJHQ J1/J4 and Surgeon General. It is likely that we will generate savings between PJHQ J2 and DIS, and between PJHQ J6 and other parts of the IS structure; however, it is less likely these will be manifest in senior posts in PJHQ, as both J2 and J6 have a 1* lead supported by only two OF5s.
- The second relates to drawdown from Afghanistan and the return to contingency. Subject to other contingencies arising, there should be significant reductions at below OF5 / Band B level. Again, though, it is much less clear that there will be senior post savings. The reason for this is that even in PJHQ J3, there are presently only four OF5s, covering a division of nearly 150 personnel. At least two and probably three would still be required post-Afghanistan and in the absence of other contingencies, even if the supporting team were to significantly decrease. Elsewhere, for example in J5, there is a much smaller ratio of OF5s to more junior personnel (three OF5s for around 30 core personnel plus a significant number liaison officers) but this reflects the more strategic nature of J5 work, and with only three posts now – and no likelihood of a decrease in the requirement for contingency planning – the scope for savings is extremely modest.
- On the civilian side, post-Afghanistan there should be scope to disestablish the ACOS J8 post, leaving that organisation led at Band B level. The J9 Band B2 post dealing with detention policy will be able to be disestablished post-2014, and scientific support need not be led at Band B1 level.

British Forces Cyprus

One of the 18 senior posts is currently lapsed – the B2 Project Manager for Secondary Health Care outsourcing will cease before the end of the year. It is likely that outsourcing will also enable the downgrading of the OF5 Comd Med post. More widely, the CBF is reviewing the scope for further efficiencies – this will include consideration of whether a further OF5 post can be downgraded or saved altogether.

At 2* and 1* level efficient arrangements are already in place with Commander British Forces also the Sovereign Base Areas Administrator, with weighty and wide-ranging responsibilities in both roles (and I know that it is Comd JFC and CDS's view that this should remain a 2* Command) and with Command Secretary British Forces double-hatted as the Chief of Staff SBAA. The Attorney

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General and Legal Adviser's 1* grading has also recently been reviewed and confirmed by the Head of Profession. However, there may also be some other minor adjustments that can be made in relation to Sovereign Base Area Administration (SBAA) responsibilities:

- There are four B1 Legislative Counsels; on job weight alone this looks generous. While this has been examined previously, at CBF's request, Head of Profession has looked again at whether alternative ways of working might be available and at both the grading and the loading. Her view is that we would have difficulty filling these posts (which are vital to the discharge of the UK's responsibilities to this Overseas Territory) at lower levels and that four are needed; we might however look for suitable opportunities to seek expressions of interest at B2 level. In terms of alternatives (for example servicing from London), the conclusion was that this would not offer synergies and would divorce the legal team from the context which they need to operate effectively. It is not an area I would feel comfortable taking significant risk unless circumstances on the ground change radically.
- It is also unclear why the SBAA Police Force (which is not part of the MDP) requires Chief Constable and Deputy Chief Constable at Band B level. The level of specialist operational autonomy needed for the Chief Constable probably fix this post at B1 level. We have also previously tried to gap the B2 Deputy but concluded that this was unworkable over any length of time, even with stepping up a C1 Divisional commander. We should, however, review again when the current Fixed Term Appointee incumbent moves.
- I judge there is no basis for a difference in grading between the B1 SBAA Admin Sec, and the B2 BFC Deputy Command Secretary, and the former should be regraded on change of incumbent.

British Forces Gibraltar

There are only three senior posts. The Commander bears the weight of highly demanding interactions with the host Government, and without the weight of 1* authority risks would materialise that would otherwise be avoided; the local dynamics would need to change significantly for an reduction in rank to be considered. The civilian Command Secretary post is at B1 level for the tour of the current incumbent, reflecting the very significant change responsibilities associated with delivering Project EUSTON. It will be able to revert to B2 level at the planned end of his tour in early 2014. It might also be possible to look at the rank of the Chief of Staff post to be reviewed in due course, but at present their demanding interactions with the host Government independent of the CBF and their overall span of responsibility justify this as an OF5 post.

British Forces Falkland and South Atlantic Islands

There are only three senior posts and all remain clearly justified at their current ranks / grades.

Surgeon General

All senior posts in the Surgeon General's area are designated either Front-Line military, or are civilian. The posts in this area identified at Annex B are part of the implementation of "Top Structures Next Steps" which has reduced manpower by around 30%. Within SG's remaining non-front line establishment I have identified few opportunities for further reductions, though there might be scope for some modest delayering, downgrading or rationalisation of Band B posts in one or two areas, including information management, secretariat, corporate governance and personnel. We will look at this in the context of overall JFC work on increased use of flexible resourcing in these areas ahead of Full Operating Capability. In addition, the DMS 20 study currently underway will provide the evidence-based future military liability for the Defence Medical Services. This study concludes and its recommendations will be published in Oct 12. The current indication is that this report will recommend a reduced liability within a number of cadres of the Defence Medical Services and will result in further reductions at OF5 level.

It is outside of the scope of this work, but as the Defence Primary Health Care project moves forward, there should be scope for rationalisation of senior military posts in that area. Initial proposals for this became contentious, and as the project is only just getting under way, it would be unwise to predict the scale of potential rationalisation at this stage. Accordingly, the anticipated variations in senior posts that might result are not included in Annex A.

Defence Intelligence

I refer back to paragraph 4d of my interim response at Reference B. The 80 or so OF5 / Band B posts represent the single biggest concentration of senior posts in JFC; three-quarters of these are civilian. Defence Intelligence is in the process of developing plans to reduce this number by a third in the next few years, and Annex A gives some indication of the direction of travel.

There will be scope to go further than the steps already outlined

[REDACTED]

[REDACTED]

Throughout this merger, it is intended to actively de-layer and reappportion senior staff, in order to improve effectiveness. There should be consequent improvements in efficiency and it is hoped that at least one further B2/OF-5 post will be released.

Defence Academy

Defence Academy HQ is already very lean in terms of senior posts, and proposed changes set out at Annex A will make it more so, with minimal scope for further rationalisation. Furthermore, it has taken on additional responsibilities, including for the National School of Government international team on 2 Apr 12.

I would not recommend changes to the JSCSC senior structure other than driven by changes to course sizes. RCDS might offer scope for greater change, based on the continuing application of current proposals for fixed term SCS PB1 appointments from external recruitment to replace serving 2* senior directing staff. It would obviously be prudent, though, to evaluate the success of the current proposals before going further.

There are already plans to disestablish over 20% of the senior posts – including 2 of the 4 civilian and military 1* posts – in the College of Management and Technology, as shown at Annex A, despite the fact that it has taken on additional tasks. I have not identified immediate scope to go further.

[REDACTED]

[REDACTED]



Development, Concepts and Doctrine Centre

We are undertaking a comprehensive study of the DCDC's functions to determine whether there could be more efficient ways of delivering them at FOC. This is likely to reveal efficiencies at OF5 level and I expect to be in a position to confirm at least a first tranche of these in the autumn. Broadly, my review has shown that at OF5 level, posts are either at that rank so that they carry sufficient credibility with single Service and overseas interlocutors (those dealing with specific domains) or because the challenging and high-profile nature of the work demands it (most of the remainder). Nevertheless, there is likely to be scope for rationalisation and restructuring, which will reduce the OF5 complement.

As Joint Forces Command heads towards full operating capability, we will be seeking to identify synergies between this area, the Joint Warfare area and other parts of the organisation, which might in turn generate options for reducing senior headcount.

Cyber

There are only three senior posts in this organisation, and all are justified at current grades / ranks. In any case, the liabilities for these posts are currently outside the core MOD establishment and centrally funded by the Cabinet Office.

Changes to JFC Senior Posts 1 Apr 11 – 2 Apr 12

Organisation	Post title	Rank / Grade	Nature of change	Comments
JFC HQ	Commander Joint Forces Command	4*	New post	
JFC HQ	MA to Commander Joint Forces Command	OF5	New post	
JFC HQ	Chief of Staff Joint Forces Command	2*	New post	
Surgeon General	Director Strategy and Change	2*	Post deleted	
Surgeon General	Medical Information Systems Project Manager	B2	Post deleted	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	
Defence Academy	College of Management and Technology – Acquisition and Business Deputy Head	B1	Post deleted	
Defence Academy	Defence Business Learning – CS AD	B2	Post deleted	
Defence Academy	College of Management and Technology – LM SSRG Deputy Head	B2	Post deleted	
Defence Academy	Research and Assessment Branch Senior Research Fellow 6	B1	Post deleted	

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Defence Academy	Research and Assessment Branch Chief	B1	Post deleted	
Defence Academy	Research and Assessment Branch RCD 1	B2	Post deleted	
Defence Academy	Research and Assessment Branch RCD 2	B2	Post deleted	
Defence Academy	Research and Assessment Branch RCD 3	B2	Post deleted	
Defence Academy	Principal Lecturer RCD 6	B2	Post deleted	

JFC/Senior Structures/Liability Review

3 Feb 12


DG T&CS

Copy to:

PSO/Comd JFC
DCDS Pers & Trg
DG Fin
D Def Reform
HRD
COS JFC
JFC Director of Resources
MCSU Secretary

DEFENCE REFORM – LIABILITY REVIEW

Reference: DRU/05/06 dated 18 Nov 11

1. You asked for an interim progress report on this work by today, to cover the detail of our methodology, other recent work of this nature in the Top Level Budget, issues we envisage with meeting the requirement, and how we plan to overcome them. As the 1* lead for this work, I am responding on behalf of Comd JFC.
2. The most obvious point to make is that the timelines for the liability review do not align with those for the establishment of Joint Forces Command. Your deadline for completing the review coincides with initial operating capability for the new Top Level Budget, but by that point we will only have brought together the existing organisations that will comprise it – this is the starting point for the real transformation that will follow through to full operating capability on 1 Apr 13, and indeed beyond. I hope people will readily accept that it would be foolish to prejudge and potentially compromise that transformation process (which will of course be strongly resource-informed) by seeking to identify a particular pattern and level of reductions in the short-term. In short, we are at this stage likely to focus more on what has already been achieved or is planned than on wholly new proposals relating to the transformative effect of JFC formation, which are likely to take longer to develop. This is a point that Paul Lincoln has raised separately with Jon Day at their routine Command Secretaries' meetings.
3. Nevertheless, there is much that we will be able to do within your timescales. I have established the current baseline (rather than the 1 Apr 11 position which I gather will be regarded as the starting point) which is of approximately 500 posts. This excludes posts currently deployed on operations, which are "front line", but includes over 200 medical posts which are also designated as such. It also excludes posts – for example in the military capability area – which have not yet transferred to JFC or will only do so on 1 Apr 13. Of the remaining 300 or so posts, about 220 are at OF5 level (90 military, 130 civilian), 48 at 1* (33 military, 15 civilian) and 23 at 2* and above (mostly military). I have not so far identified any areas where there is scope for major changes in the civilian / military mix, or where there is clear evidence of over-grading of posts.
4. The next stages of my work will be to capture fully existing plans for change to this baseline; review the job descriptions of each post; identify areas where targeted application of relevant grading tools might bear fruit; and discuss with the Trade Unions. In advance of that work, I would highlight the following points:
 - a. 

[REDACTED] More generally, many of JFC's outputs are quite closely defined in Defence Strategic Direction and other top-level documents, which potentially also limits the scope for future change.

- b. Both Surgeon General's Department and the Defence Academy, through "Top Structures Next Steps" and the "Defence Academy Process and Organisation Review", have undergone recent and thorough establishment reviews that have significantly reduced military and civilian manpower by around 30%. There are unlikely to be further quick wins.

- [REDACTED]
- d. The single biggest group of senior posts is the 80 or so at OF5/Band B level within DIS. These are three-quarters civilian, and plans to reduce these by a third in the next few years are being developed in response to Planning Round targets and as operational and change programme requirements fall away. We will need to look at the scope to go further, but again I do not sense any lack of existing effort to bear down on numbers.
 - e. Within Joint Forces Command Headquarters itself, much of the establishment has been subject to recent grading validation with the Trade Unions, and is extremely lean and delayed (e.g. no 3* posts, and several OF4/Band C posts reporting directly to 1* level). We will look at whether this provides any lessons which can be applied across JFC (or indeed more widely).

5. In short, much work has already been done, which I will capture in greater detail in my final report; there is the prospect of further significant progress in the medium-term as the transformation Joint Forces Command needs to produce gets underway, but this will be much harder to articulate in the next couple of months. I will provide the team with more detailed senior level organisation charts next week. I would, of course, be very happy to discuss.

[REDACTED]