

DRU/05/06

12 Mar 12

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DEFENCE REFORM: LIABILITY REVIEW - FINAL TLB REPORTS

Introduction

1. Thank you for updating us last month on your progress in reviewing and reducing civilian and non-front line military posts from Band B/ OF5 and above in your TLBs ('the Liability Review'). At the TLB briefing session on 25 Jan 12, we undertook to confirm in writing the guidance we gave at that session and to respond to any issues raised with us in your interim reports. In particular, we agreed to make clear those areas that TLBs' final reports should cover.

Scope and Baseline

2. As the Levene report set out, the Review is intended to cover all civilian posts from Band B to 2* and all non-front line military posts from OF5 to 2* (with the latter based on the definitions and data from the 2011 Force Generation Review)¹.

3. We recognise, however, that there has been a long-running debate over definitions of 'front line' or 'non-front line', and the arguments for letting TLBs judge whether or not to examine 'front line' military posts as part of this exercise. The Service TLBs may therefore include proposals on 'front line' military posts in their reports, provided that they make clear which posts are classed as 'front line', and which 'non-front line' – not least because of the continuing Ministerial interest in this categorisation.

4. The formal baseline for the Liability Review is 1 Apr 11, and TLBs should report any changes to senior structures since that date and any further changes they are proposing to make. If TLBs wish us to consider any reductions before that date, then these should be included in their reports and clearly distinguished from changes since the 1 Apr 11 baseline.

5. We will work with TLBs to confirm the baseline position and to reach agreement on what, for the purposes of this Review, are 'front line' and 'non-front line' posts by Apr 12.

Expected Level of Reductions

6. Rather than setting TLBs specific savings targets, our aim has been for your work to be guided by two key principles:

- Each TLB should design the leanest possible senior structure required to deliver its functions and outputs, and;
- The number of senior posts should fall roughly in proportion to reductions in overall personnel numbers.

¹ D/VCD5/5/1/2. Force Generation Review, dated 17 Jun 11.

7. As we explained on 25 Jan 12, on the basis of the Department's SDSR commitments on non-front line manpower savings, we will test TLB proposals against a 'rule of thumb' assumption that senior posts should be reduced by around 33%². If there are reasons why TLBs are unable to achieve this level of reductions in the short-term, or why a different approach has been adopted; these should be set out in the supporting narrative to the TLB reports (see paragraph 9 below).

Reporting Timetable

8. TLBs should submit their Liability Review reports to Jonathan Slater (DG Transformation and Corporate Strategy), copied to the Defence Reform Unit. Ongoing Transformation work across the TLBs has required a staged approach to submissions as follows:

- Navy Command, Army HQ and Air Command will submit final reports by 2 Apr 12.
- Joint Forces Command's report on 2 April will focus on post reductions already achieved or planned by its constituent organisations, with further proposals to follow as JFC moves from its initial to full operating capability.
- Defence Equipment and Support will provide initial proposals by 30 April and final proposals down to Band B/OF5 by 29 June.
- Central/ Head Office and Corporate Services TLB will provide an initial response by 2 April and final proposals down to Band B/ OF5 by 29 June.
- Defence Infrastructure Organisation will provide initial proposals down to Band B/ OF5 by 30 April and final proposals by 29 June.

Content of Final Report

9. The content of TLB reports will of course reflect the phasing set out above, but by the conclusion of the process, final reports should cover the following (a detailed breakdown of the content of the final reports is at Annex A):

- **Confirmation of the scope** of the Liability Review work within the TLB.
- A baseline **TLB organisational structure chart as at 1 Apr 11**³.
- A TLB organisational structure chart showing a **proposed organisational structure for Apr 2013**⁴.

² The 'indicative' figures in the original instructions were not broken down by TLB, or into 'front line' and 'non front line' categories, and do not provide an adequate framework against which to judge TLB returns.

³ As Joint Forces Command is being established as a TLB on 2 Apr 12, JFC will provide an organisational structure chart for that date, rather than for Apr 11 or Apr 13.

⁴ Apr 13 reflects the date by which the key elements of the new Defence operating model are planned to be in place. Clearly, there will be further changes to organisational structures and senior posts after Apr 13 (out to 2015 and beyond); TLBs may also use organisational charts to demonstrate these proposals.

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- A summary of the changes in senior posts that have been made since 1 Apr 11.
- A summary of the further changes in senior posts the TLB is proposing to make to Apr 13 and beyond.
- A supporting narrative.

Scrutiny and Consolidation of Final Reports

10. When TLB reports are submitted, the Defence Reform Unit will lead the process of reviewing and consolidating them, drawing on support from staff in DCDS (Personnel and Training), the HR Directorate and the Resources and Plans divisions. We will look to:

- Scrutinise the proposals against the objectives of the Review and, where necessary, provide challenge.
- Ensure consistency in the approach taken and the assumptions used by TLBs and across TLB boundaries (for example, on transfers of posts).
- Identify the wider implications of each TLB's proposals for the single Services (for example, for liability and career structures, where we will of course work closely with the Services themselves) and the Department as a whole (for example, the civilian-military balance).

Reporting To SofS/ Defence Board

11. The outcome of the Review will be reported to Secretary of State, the Defence Board and the Levene Group. Given the level of departmental and external interest in senior structures, SofS will wish to make an announcement on the Review's conclusions before the summer recess.

Defence Reform Unit

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TLB Liability Review POCs

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CONTENTS OF FINAL REPORT: DETAIL

1. TLB final reports should cover the following:
 - **Confirmation of the scope** of the Liability Review work within the TLB, including:
 - Confirmation that all civilian posts from Band B to 2* and all non-front line military posts from OF5 to 2* have been reviewed, and if not, a timetable for completion of the work;
 - Whether any 'front line' military posts in the TLB have been reviewed – and if so, which.
 - **A TLB organisational structure chart as at 1 Apr 11⁵**, showing:
 - Each starred post and post title;
 - Whether the post is civilian or military;
 - If the post is lified, and;
 - The number of Band B1s, Band B2s and OF5 posts reporting to each starred post.
 - **A TLB organisational structure chart showing a proposed organisational structure for April 2013⁶**, in the same format.
 - **A summary of the changes in senior posts that have been made since 1 Apr 11**, broken down as far as is possible by military 2* / military 1* / civilian 2* / civilian 1* / Band B1 / Band B2 / OF5, and;
 - **A summary of the further changes in senior posts the TLB is proposing to make to Apr 13 and beyond**, broken down as far as is possible by military 2* / military 1* / civilian 2* / civilian 1* / Band B1 / Band B2 / OF5.

For changes in senior posts, the summaries should, as far as is possible, set out the timescales for implementing the proposals and indicate where:

- Posts have been/ are being created;
- Posts have been/ are being deleted;
- Posts have been/ are being merged;

⁵ As Joint Forces Command is being established as a TLB on 2 Apr 12, JFC will provide an organisational structure chart for that date, rather than for Apr 11 or Apr 13.

⁶ Apr 13 reflects the date by which the key elements of the new Defence operating model are planned to be in place. Clearly, there will be further changes to organisational structures and senior posts after Apr 13 (out to 2015 and beyond); TLBs may also use organisational charts to demonstrate these proposals.

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- Regular military posts have been/ will be civilianised, contractorised or filled by a Reservist;
- Civilian posts have been/ will be contractorised or filled by a military officer;
- Posts have been/ are being reduced in rank or down-graded;
- Posts have been/ are being transferred to another TLB;
- Where changes are being proposed to particular military posts, the summaries should also set out whether the post is:
 - Considered to be 'front-line' or 'non-front line'.
 - Tied to a particular Service.
 - Rotational between the Services.
 - A competed post.
- **A supporting narrative** which sets out:
 - The rationale for the changes proposed;
 - An assessment of how the reductions in senior posts since 1 Apr 11 and the further reductions being proposed relate to a) overall reductions in non-front line manpower in the TLB and b) the 'rule of thumb' assumption that senior posts should be reducing by up to 33%. If TLBs judge this level of reductions to be unachievable, this section should also explain why this is the case;
 - The scope for any further reductions in senior posts and/ or proposed areas for further work.