

NCHQ/SPLR/03/2012

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DEFENCE REFORM – LIABILITY REVIEW – NAVY COMMAND (NC) FINAL REPORT

INTRODUCTION

1. In Nov 11, you tasked TLBs¹ with conducting a Liability Review across the non-frontline (NFL) of senior posts (OF5, 6&7 and Band B-SCS Level 2), as a core component of a functional re-design of the TLB. Guiding principles were that each TLB should design the leanest possible senior structure to deliver its functions and outputs, and the number of senior posts should fall roughly in proportion to reductions in overall personnel numbers. The baseline liability for the Review is 1 Apr 2011 although TLBs are permitted to highlight reductions before that date. OF8/9 and RFA posts have been excluded.

2. **NC Approach.** The NC interim report² outlined the processes involved in the approach methodology and articulated the reasons why proportionality was an inappropriate principle upon which to conduct an examination of the TLB. To summarise, the reasons were:

- a. A proportional approach assumes the current ratios to be right without reference to the context of whether a Service is more or less efficient;
- b. It affects the smallest service (RN) most severely;
- c. It ignores the scale and complexity of naval service output;
- d. The three Services are benchmarked on manpower rather than on platforms/equipment;
- e. In theory, a Service is penalised for winning a greater ratio of merit-based competition appointments.

3. NC TLB has instead based its conclusions on a comprehensive assessment during both the Navy Command Review (NCR) and Senior Posts Liability Review (SPLR) of its organisational construct in relation to the delivery of its outputs, some of which are Ministerially mandated. The principles governing the re-design of NC have previously been communicated to you³. They are manifest in the practical concept of the 'Maritime Domain' and refer to the requirement for clear Service, functional area and individual responsibility and accountability as well as strong 'business' relationships between TLBs, and an adjustment of focus away from routine Force Generation towards longer term capability planning and delivery.

4. As a result, the NC Operating Model incorporating the maritime elements of DE&S achieves IOC on 2 Apr 12. NCR and SPLR have encompassed a review of all senior posts within the TLB, whether permanent or temporary. No distinction has been made between NFL or FL, although conclusions highlight the applicability against each post identified for reduction, and against overall NFL manpower reductions within the TLB, mindful that the Force Generation Review of last year

¹ DRU/05/06 dated 18 Nov 11 (Defence Reform – Liability Review)

² NCHQ/SPLR/02/2012 dated 3 Feb 12 (Defence Reform – Liability Review – Navy Command Interim Report)

³ CNS 3/3/3/2 dated 31 Oct 11 (Royal Navy Defence Reform Implementation)

could not agree a common understanding of what posts constituted FL or NFL and allowed each Service to apply the criteria as it wished.⁴

5. **NC review of senior posts.** Paras 36-38 and Annexes A-D explain the details of the NC review of senior posts against the 1 Apr 11 baseline, and incorporating planned alterations to the TLB structure by 1 Apr 13. 95% of changes involve NFL posts and see a net reduction of five OF6s (representing 19% of the TLB OF6 population), eight OF5s (9%), one SCS (33%), four B1s (40%), and thirteen B2s (34%). There is a reduction of one OF7 but since this is a temporary post created since 1 Apr 11, it is not counted in the net reductions. Overall, the reductions equate to a 17% in NC senior posts (10% military/35% civilian). De-layering has focused on OF6, SCS and Band B levels of management. Recognising that, in military terms, it falls short of the requested level of reduction, the rationale for the NC approach is outlined below.

RATIONALE

7. **Risks arising from changes to other TLB RN/RM manpower.** You will appreciate that there is a significant degree of unquantified risk attached to decisions on NC TLB liability whilst other TLBs who are major employers of naval manpower are yet to report and are themselves about to undergo change programmes which may also affect their levels of output. For example, Head Office re-structuring will transfer Capability planning responsibilities to NC TLB, yet the details of manpower liability will not be finalised until Jul 12. Also, the DE&S Interim Structures Review will not report fully until Jul 12, and JFC will conduct a resource informed examination of its structure by Apr 13. It is highly likely that senior liability will reduce in both organisations⁵ although by how much is still to be decided. Approximately 22% of RN/RM OF7 and 40% of OF5/6 liability is within JFC and DE&S TLBs and any reductions will have a significant effect on the naval service.

8. The situation is compounded by the fact that substantially more OF7/6/5s are employed outside NC TLB than within it, illustrated by Table 1:

RANK/ GRADE	Navy Command	HO & CS	HO & CS (overseas)	HO & CS (NATO/EU)	JFC	DE&S	Other TLBs
OF7	41%	18%	4%	15%	11%	11%	-
OF6	33%	14%	7%	3%	22%	17%	4%
OF5	34%	14%	6%	5%	18%	21%	2%

Table 1: Proportion of RN/RM in each TLB – 1 Apr 12

9. The RN/RM's success in joint competitions exacerbates the issue. Despite being the smallest service, it competes for many of the posts available on the Senior Tri-Service Appointments List (STAL) yet its success is not in proportion to its size. For example since 2008, at OF6/5 it has won a proportionate number (32%) of MOD Centre competitions, but a disproportionate number of Operations (56%), DE&S (49%), and NATO (38%) competitions.

10. Whilst this recognises the quality of naval candidates for joint competition, it also reflects the necessary naval service representation and maritime domain expertise, input and influence required for other TLBs to deliver their outputs effectively.

11. The conclusion of the NC TLB liability review has recognised the degree of uncertainty arising from the future requirement in other TLBs, and the need at this stage to ensure that, as the largest TLB employer at each RN/RM senior rank, it retains the ability to react to any changes.

⁴ D/VCD5/5/1/2 dated 17 Jun 11 – Force Generation Review – this defines FL as force elements (which can include non frontline personnel) are those that directly deliver military effect. NFL exist to generate and support the FL and is unlikely to be directly involved in the delivery of military effect.

⁵ The DE&S Board has already identified a 25% reduction in total OF7 liability by 2015.

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The DOB(T) has recently acknowledged this fact when it stated that⁶, *'The Board recognised that whilst the single Services owned the manpower, the RN...had highlighted the fundamental lack of a strategic owner of the manpower requirement and workforce strategy pan-TLB; the current manpower cap on the RN, for instance, risked taking the RN below the critical mass required to generate sufficient suitably qualified and experienced (SQEP) personnel for the future.'*

12. The NC approach is also appropriate when viewed within the context of leanness and efficiency which has been a hallmark of the RN over the past decade and which minimises the scope for the Service to be able to react to wider Defence reductions in liability. The DOB(T) has made reference to this fact and its most recent comments⁷ highlight the particular risks that the RN faces when it stated that, *'...the Board recognised that due to historically taut manning, the RN had less scope for tolerating...manpower difficulties than the other Services, and that the imposition of manpower reductions without prior regard to the effect on outputs raised a real issue for the Defence Board to resolve and balance against equipment programme funding.'*

13. **NC TLB efficiency.** The DOB(T) comments recognise the continuum of change initiatives, the overall effect of which has put the RN in the vanguard of the three Services in delivering transformational efficiency and optimising the NFL/FL balance, and set a leaner baseline than the other Services from which to enact reductions in senior manpower.

14. Since 2002, change programmes have included the implementation of *Fleet First*⁸; the subsequent merger of the RN's Fleet and 2SL Commands into a single Navy Command TLB (2006); the Training Delivery Business Case which removed much of the spare capacity of our training organisation (2007); and the implementation of *Lean* methodology as part of Fleet Transformation (2007- present) complemented by inculcation of Continuous Improvement. During this period, the TLB has consistently sought to reduce numbers to the minimum necessary to provide mandated outputs, optimising the front line but reducing the size of the wider NC. NCR is delivering further efficiencies, notably a leaner organisation that, first and foremost, provides seamless support to operations being conducted by RN, RM and Joint frontline units.

15. NC civilian manpower has reduced by 39% between 2000 and 2010, with further reductions to follow⁹ by 2014. Of these, around 60% directly support operational units or provide business critical support such as medical and welfare. Civilian numbers are already less than one-third the size of AIR Command, whose business is more homogenous and of a similar budgetary size. There are less civil servants in NC than in RAF 22 Gp¹⁰. Taking the Finance function as just one example, NC TLB has around one-fifth the size of the finance staffs in AIR Command whose numbers are much closer to those of LAND Command¹¹.

16. NC military numbers are already lean and verging on fragile as the DOB(T) acknowledges. The RN/RM element of the Defence Transformation programme includes the reduction in the size of the Service from 35,000 in 2010 to around 30,000 by 2015. Of the nearly 5,000 posts that the RN/RM must lose, 2253 are in FL units that have been, or will shortly be, decommissioned or reduced in size. Over 25% (2511) of RN/RM NFL manpower will go. Of these, 965 are in the TLB, and the remainder are in DE&S and MOD Head Office. NFL numbers include many whose role is essentially 'Combat Support' or 'Combat Service Support' which may (similar to the RAF and Army definitions) be more appropriately considered FL.

⁶ DOB(T) Minutes D/Boards Sec/3/3/10 dated 13 Jan 12, Para 3.

⁷ DOB(T) Minutes D/Boards Sec/3/3/10 dated 13 Jan 12, Para 1

⁸ The combination of the previously separate 'Type Commands' (for surface ships, submarines, aviation, and Royal Marines) into one Fleet HQ (2001-2003)

⁹ PR11 and PR12 measures will result in 498 posts removed

¹⁰ 2,300 civil servants in NC; 3,000 in AOC 22 Trg Gp's area.

¹¹ HRMS/Discoverer report dated 19 Sep 11 – finance staff in NC (81); AIR (431); LAND (480)

17. As was recently highlighted to SofS¹², NC prides itself on being lean and efficient. It has gone on record¹³ that it would be very willing to open its books to independent scrutiny as part of a benchmarking exercise across TLBs which compared, *inter alia*, harmony, force generation, manning regimes and a centrally imposed definition of NFL/FL. Not only that, but RN outputs compare favourably with other navies of a similar size. The French Navy, our closest equivalent, operates the same types/classes of ships, nuclear submarines including the deterrent, naval aviation, patrol and minewarfare vessels and auxiliaries. By 2015, the RN will be operating over 60% more tonnage with 5,000 less sailors. The RN can also be compared with the Italian Navy which has 32,000 seafarers to operate one third of the tonnage of the RN, even without the requirements of nuclear propulsion or weapons.

18. **Size of the senior cadre.** The senior structure is driven by a number of requirements and factors and, as your Liability Review Mandate recognises, it is these requirements, and not arbitrary targets, that should be the basis of the structure.¹⁴

19. During the recent past, whilst reductions in the senior cadre have been made, they have not been in proportion with reductions across the Service. However, the increase in the proportion of senior personnel over this period has not been as great as across Defence as a whole (compared with the RAF, Army and Civil Service, since 1990/1993 the RN has had the smallest increase in the proportion of OF5 and OF6 and second smallest at OF7¹⁵) – another reason why the RN/RM is approaching this exercise from a leaner starting point than the other Services.

20. A number of considerable outsourcing programmes since the 1990s have contributed to a reduction in civilians and have also been responsible for a significant proportion of service reductions¹⁶. Such outsourcing, focused on training support, soft facilities management and technical services, may have reduced costs and headcount but the posts removed from the TLB have generally been lower grades and ranks. The net effect has been an increased proportion of senior ranks focused on the strategic management necessary to undertake resource and requirement setting, performance assessment, operational assurance and safety compliance functions which are core elements of TLB output. You have previously acknowledged this by stating that, “...contractorisation and civilianisation of process functions ... generally cannot be replicated in the senior management layers.”¹⁷

21. From a perspective which views a smaller number of vessels requiring a concomitant reduction in senior personnel, the current TLB structure would appear to be top-heavy. Yet, reductions in the size of the fleet, combined with technological advances, have led to a reduction in the number of sea-going and technical support personnel, generally those of lower rank, whilst reductions in more senior shore-based roles have not kept pace. This has led to a higher ratio of senior to junior personnel. This ratio is compounded by improved technology which has considerably reduced the number of personnel required to man a ship without significantly reducing the burden on senior officers in the TLB performing the type of management functions referred to at Para 20 above. This is because there is no direct correlation between the numbers of platforms, the number of personnel who man them and the numbers of senior management required for TLB outputs.

¹² Admiralty Board discussions, 13 Mar 12

¹³ 20120124-ForGen-PM-v1.1 dated 24 Jan 12 – CMD SEC to 2nd PUS – Best Practice in Defence – Benchmarking questions

¹⁴ DRU/05/06 dated 18 Nov 11 (Defence Reform – Liability Review) Para 10

¹⁵ DRU 05/06 Defence Reform – Liability Review, Table 1

¹⁶ For example one partnering arrangement alone for provision of training support removed 957 civilian and 861 military posts over 10 years – ‘Civilian Staff in Navy Command’ 2010, Page 3

¹⁷ DRU/05/06 dated 18 Nov 11 (Defence Reform – Liability Review) Para 3

COUNTY CLASS DESTROYER		TYPE 42 DESTROYER		TYPE 45 DESTROYER	
First Commissioned:	1962	First Commissioned:	1975	First Commissioned:	2009
Complement:	~470	Complement:	~300	Complement:	~190

Table 2: Reduction over time of personnel required to man a Destroyer

22. For example, Table 2 shows that the numbers required to man a ship have fallen by 60% since 1962. By comparison, since the 1960s, the size of an Army battalion has not markedly reduced, which means that the ratio of senior to junior personnel, even with only minor reductions in senior Army numbers, has tended to appear more efficient. To achieve the same effect, the proportionate cut in RN senior manpower against a significantly reduced junior personnel baseline would have to have been much more severe and resulted in unacceptable risk to mandated outputs.

23. Most importantly, it is only senior ranks that can perform specific functions which are directly linked to strategic management, and most if not all require an appropriate level of senior management accountability, for example, safety assurance. The functions themselves are non-negotiable and are core outputs of a Frontline Command TLB.

24. Quantifying exactly what the appropriate level of senior cadre should be depends on the scale of responsibility and complexity of outputs. Within the TLB, determining the optimum size of the senior management structure has been one of the objectives of each successive efficiency and change programme over the past 10 years. Accordingly, as the size of the RN has reduced, efficiency savings have been made against senior officer numbers engaged in TLB management. Analysis of the pattern of OF6/7 employment since 2001 provides the evidence for this:

a. At OF7, the single 2005 TLB merger resulted in a 33% reduction over the next two years in single service (FLEET) roles, and since 2007 the number in FLEET/NC roles has remained broadly stable. Over the same period, representation in Joint organisations has slowly declined, in contrast to Whitehall employment where numbers have slowly risen. Both NATO and DLO/DPA DE&S have shown little change.

b. At OF6, there has been a similar level of stability in posts engaged in FLEET/NC roles but a commensurate increase in Joint representation and in Operations Whitehall appointments have fluctuated quite markedly, whilst NATO representation has slowly declined; DLO/DPA/DE&S have shown little change.

25. The preceding slow decline and then relative stability since 2007 following FLEET Transformation, of OF6/7 (and also OF5) numbers directly engaged in core FLEET/NC management suggests that it has reached the minimum levels necessary to match the functions required to exercise strategic, pan DLOD¹⁸ responsibilities across the outputs of commanding and controlling Force Elements in three environments (unique amongst the 3 Services), as well as the enabling functionality of force generation, capability development and integration, and support to the department of state.

26. Therefore, in assessing the suitability of the senior structure of the NC TLB, it is more logical to assess it in terms of the complexity required to deliver its outputs, rather than focusing on the manpower baseline. This view was confirmed during SDSR¹⁹.

¹⁸ DLODs: Training, Equipment, Personnel, Information, Concepts and Doctrine, Organisation, Infrastructure, Logistics.

¹⁹ SDSR studies into the Single Service Command Structures - 20100505-COSSPP-SDR CMD STRUCTURES RN – RSM, Para 6: "Given the level of restructuring and transformation, in which the RN leads the other 2 services in my view, it is unlikely that a simple look at the HQ structures will deliver substantial savings."

27. **Complexity and Scale of Responsibility.** The RN is unique amongst the three Services in the range, scale and complexity of its outputs across all three geographic environments. Delivery of the full range of maritime effects requires both an organic aviation element (the Fleet Air Arm), the land component of littoral manoeuvre (the Royal Marines) and the core of its output - the surface and sub-surface fleet. The latter is even more complex because of the demands of nuclear operations and ownership.

28. The breadth and complexity of business across the Maritime Domain, made even more challenging by the absorption of Capability planning responsibilities previously conducted by MOD, is founded upon the OF7 structure. It is this layer of management which exercises strategic oversight and portfolio-level responsibilities within NC, whilst interfacing externally with a variety of authorities outside the TLB.

29. Following the transformational changes to the TLB, these responsibilities commonly embrace a number of inter-related outputs either in a supported or supporting role. TLB outputs can be summarised as:

- a. Force generation of land, air and sea elements to required levels of readiness and sustainability
- b. Capability development and planning of the Future Maritime force.
- c. Command and control of operations.
- d. Support to the Department of State.

30. The OF7 level at FOC in Apr 13 will be critical to the delivery of coherent outputs, requiring a wide range of skills and experience necessary to run a £4Bn business area across the DLODs. The relationship between OF7 responsibilities and the delivery of outputs is explained in more detail below:

Force generation

31. Force generation processes have been re-defined and devolved from NCHQ to empowered OF6 Commanders within operating bases. The current COS CAP has been re-titled ACNS (SPT) initially dual-hatted until the post is properly established²⁰. ACNS(SPT) is the process owner for force generation and is responsible for its integration²¹, for all RN/RM forces and units, across the DLODs, to meet the requirements placed by operational commanders, within the boundaries defined in the RN Command Plan. In this role, he is supported by ACNS(CAP), FOST, ACNS (Pers), FOSNNI, CAF, and ACNS(A&C) who will be accountable for the generation of aviation, and of aviation 'heavy' Task Groups. COMOPS is responsible for producing the requirements against which FEs are generated. Key to ACNS(SPT)'s role will be the relationship with DE&S as part of the 'Maritime Domain' approach by reducing duplication and improving efficiency. The result of devolving force generation will be a NCHQ that is leaner, and focused more on long term planning and development.

²⁰ Since mid 2011, it has been the understandable assumption that an OF7 liability (D(PA) - which is tied RN) would be transferred as part of the Capability responsibilities from MOD to FLCs. On 31 Oct 11, DG T&CS was made aware of the intention to re-title COS(CAP) as COS (SPT) (now ACNS (SPT)), and to establish the post of COS (MAR CAP)(now ACNS(CAP) to absorb and direct the responsibilities of the teams that formerly worked in the Cap area of CTLB. On 20 Jan 12, the NAVI directed the implementation of the ACNS(SPT) post with effect from 1 Apr 12 (initially dual-hatted with ACNS CAP).

²¹ Capability integration is a suite of processes that take the individual DLODs, most notably naval personnel, platforms, equipment and doctrine and integrate them into operational units fit to fight, and into task groups/formations ready to operate in joint and combined operations. Force generation is the near term specific task of preparing individual platforms for operations.

Capability development

32. The transfer of the majority of maritime capability planning and development from MOD to NC will require the governance of a dedicated OF7 post (ACNS CAP)²². ACNS (CAP) is the process owner for the capability development process, responsible for delivering the NC capability management plan, and for ensuring that the plan is optimised to deliver the maximum capability within available resources across all DLODs. He is also responsible for leading NC's conceptual thinking and force development, and for ensuring that there is an effective management structure in place to deliver cross-DLOD programmes. As well as supporting ACNS (CAP), ACNS(A&C) is himself responsible for the introduction into service of the new aircraft carriers (which is likely to see him designated as SRO for the programme), and for new rotary wing capability²³. Other OF7s will support ACNS(CAP) as follows: ACNS(POL), by co-ordinating the provision of maritime advice from NC in order to inform strategic force development work in Head Office; COMOPS, CAF, CMF and ACNS (SPT) who will identify shortfalls in current capability and feedback into the appropriate capability delivery and planning process; FOST, through provision of training advice and specific change projects; ACNS(PERS) who will provide advice and plans for the personnel DLOD; and Dir RES for financial oversight of the portfolio of programmes for which NC is responsible.

Command and Control of operations

33. This output encompasses the command and control of operations, including where appropriate Joint operations, in support of MOD and wider cross-government objectives. As such, the key responsibilities fall to COMOPS, CAF and CMF. COMOPS delivers full command oversight and operational command/control on behalf of Fleet Commander, CJO and SJC for maritime operations in UK and worldwide. In this role, COMOPS will also act as an operational maritime adviser, providing a holistic overview and control of NC FEs. He has NATO responsibilities as COMSUBNORTH, and is responsible for delivery of the nuclear firing chain message to the SSBN. The range of these operational command responsibilities is unique amongst the three Services, with the RN unlike the Army or RAF, routinely commanding operations overseas independent of CJO. DSD 11 states the requirement for two, deployable OF7-led maritime staffs (CMF and CAF); currently, one OF7 HQ is allocated to Op ATALANTA, whilst the other is retained at high readiness for national contingency and routine activity. CMF and CAF provide a staff and command node able to command maritime forces (CAF can command land forces also) or act as an operational/theatre commander of a Combined Joint Task Force, or as a National Component Commander available to COMOPS or CJO.

Support to the Department of State

34. ACNS(POL) co-ordinates Naval staff effort in support of department of state functions, notably informing and influencing MOD and Government defence strategy and policy. Dir RES provides advice to Ministers and Defence Board members, drawing on NC advice as required.

35. **Other responsibilities.** In addition to these core outputs, OF7 responsibilities also address:

- a. **Assurance.** ACNS(SPT) is the Operating Duty Holder for ships, submarines and Royal Marines providing assurance on safety. ACNS (A&C) is the NC Aircraft Operating Authority, and aviation Operating Duty Holder. ACNS(POL) is the NC Aircraft Release to Service Authority. Both ACNS(A&C) and ACNS(POL)s' responsibilities are MAA mandated at the level of OF7.

²² CNS 3/3/3/2 dated 31 Oct 11 (Royal Navy Defence Reform Implementation) Para 19

²³ WILDCAT, MERLIN Mk2 and Mk4

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- b. Regional representation. An OF7 lead for the disparate elements of regional outreach (including regional headquarters, reserves, youth and cadets, universities and Naval recruiting) provides an efficient and coherent organisational framework. FOSNNI (Flag Officer Scotland, Northern England and Northern Ireland) is triple-hatted as the Navy's senior presence north of Northwood; Flag Officer Reserves (FORes) ; and Flag Officer Regional Forces (FORF). There has been longstanding political direction that the FOSNNI title and portfolio are to remain, with OF7-level representation north of the border important both to the forthcoming referendum on Scottish independence and in the context of the UK's future sole nuclear operating base. He is accountable to CNS/1SL for engagement with devolved administrations, notably to act as his representative to Holyrood within the bounds of the MOD-Scottish Government Concordat. FOST has a representational role in the South West in addition to his training role.
- c. Heads of Fighting Arm. Four of the OF7 posts also fulfil a role as the professional head of their fighting arm, responsible for oversight of the development of specialist warfighting skills and efficiency across the functional areas of NC:

ACNS A&C – Rear Admiral Fleet Air Arm
CMF – Rear Admiral Surface Ships
COMOPS – Rear Admiral Submarines
CAF – Commandant General Royal Marines

It is important to stress that these are not just titular-head roles, but instead occupy a significant amount of their time leading, developing and influencing (externally) on behalf of the Fighting Arm at a level which requires OF7 engagement.

- d. Board and Flag Officer responsibilities: FOST and FOSNNI retain their erstwhile titles (rather than adopt the ACNS nomenclature) in order to recognise the particular Flag Officer command responsibilities within their functional area. ACNS(PERS) is a member of the Service Secretaries' committee chaired by ACDS PERS and retains his title as Naval Secretary. CAF, as CGRM, is a member of the Navy Board. Dir RES is the senior naval civil servant.
- e. Finance and civilian HR. Dir RES is the Senior Finance Officer in the TLB and head of the civil service HR function within NC.
- f. Chief of Staff HQ. This function is currently performed by Deputy Commander Fleet but by FOC is likely to be added to one of the OF7s' responsibilities.

REVIEW OF SENIOR POSTS

36. Based on the rationale above, organisational re-design is based around principles drawn from the DRR and endorsed by the NAVB.²⁴ The review of senior posts has been guided by the following principles:

- a. To note the significant TLB change programmes over the past decade focused on leanness and efficiency which has put the RN in the vanguard of the three Services.
- b. To recognise that since 2007 Transformation, OF7/6/5 numbers within NC have been stable suggesting that the level of strategic oversight responsibility required for management of the TLB is aligned to mandated outputs.

²⁴ Clear accountability aligned with responsibility and control of resources, together with the ability to manage the associated risk. Optimising the integration with DE&S at all levels: 'One Navy- One Domain'. Adjusting the focus of NCHQ away from day-to-day Force Generation and towards longer term capability planning and delivery across all Lines of Development.

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- c. To recognise the greater proportions of OF7-5 employed outside NC TLB which are necessary to provide the RN/RM representation and maritime domain expertise, input and influence required for other TLBs to deliver their outputs effectively.
- d. To take acceptable and mitigable risk against mandated outputs where feasible.
- e. To broaden the scope for reductions beyond the notional idea of 'NFL' to include all OF7-5, and SCS-Band B positions in the TLB.
- f. To 'de-layer'²⁵ at OF6/SCS1 and to consolidate and empower at OF5.
- g. To avoid '1 over 1' hierarchy ie one OF7/6 over one OF6/5.
- h. To identify where Opportunity Posts²⁶ might be applicable in accordance with CDS/PUS guidelines²⁷.
- i. To identify where Regular liability might be converted to FTRS.
- j. To align strength with liability
- k. To profile the implementation of changes between 2012 and 2020²⁸.

37. As you suggested, to provide enhanced objectivity the Decision-Making Accountability (DMA) method and Job Evaluation Grading Support (JEGS) process for Band Bs have been used to analyse specific areas of the TLB. NC hopes that, as you seek to confirm consistency of methodology and approach across TLBs, this will be acknowledged as an important factor.

38. Changes from the 1 Apr 11 baseline which will take effect by 1 Apr 13 are summarised by OF7 area of responsibility below, and in additional detail at Annexes A-C. Notably, as part of NCR every OF7 area is undergoing a varying degree of reduction in numbers of personnel at lower levels, some of which are highlighted.

Operations and Capability

- a. **COMOPS.** NCR has driven the transfer of greater planning and scheduling responsibilities to COMOPS' area without an uplift in senior posts. COMOPS has no OF6 deputy (the post having been removed previously), but instead three OF5s heading naval intelligence, operations and planning/policy in direct support of worldwide naval operations. As part of new force generation responsibilities, the OF6 Flotilla Commanders and subordinates transfer under ACNS (SPT). Comd 3 Cdo Bde, a deployable OF6 Commander (see Para 38b) has three subordinate OF5s (Deputy Comd; Comd Fleet Protection Group RM; Comd Commando Logistic Regiment – the latter also commands RM Chivenor.) All Cdo Bde posts are FL. In terms of other FL posts, seven ships are commanded at OF5 rather than at a lower level due to a combination of factors including: the nature of the command; scale of responsibility; role as functional operational area champions eg Anti-Submarine Warfare, Anti-Air Warfare; and for warfare branch/career development reasons. One OF5 sea command liability was deleted in Feb 11 following the SDSR decision to de-commission the Type 22 frigates.
Liability changes: CO HMS CORNWALL deleted
- b. **CMF and CAF.** All posts within CMF and CAF are FL. DSD11 specifies the requirement for two OF6s (COMUKTG and Comd 3 Cdo Bde) and staffs held at very high readiness (R2) as part of the Responsive Force Task Group. The requirement for the third deployable commander at OF6 (DCMF) is also endorsed by the Centre and is set out in the RN Plan 2011; because DCMF does not attract his own staff at readiness,

²⁵ 'De-layering' has not been defined but the HO re-organisation has used the term in connection with reducing the numbers at various ranks/levels of the organisation, rather than removing a layer of management.

²⁶ To allow both Civilians and RN personnel to compete for specific roles.

²⁷ D/PUS/9/1 (056) dated 17 Feb 11 – Criteria for posts which need to be filled by service personnel

²⁸ Consistent with SDSR direction to reduce running costs by 25% by 2015, and by 33% by 2020.

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his HQ does not appear in DSD as FE@R. SDSR removed the requirement for a fourth deployable OF6 commander (COMUKCSG) in Feb 11. Two OF5 posts are Chiefs of Staff for CMF and CAF respectively. As a result of NCR, CMF & CAF staffs have reduced by 17% whilst maintaining the same level of output.
Liability changes: OF6 – COMUKCSG deleted.

- c. **ACNS(CAP).** Concern has previously been expressed²⁹ regarding the low levels of staff being transferred to NC to carry out the Capability planning function, and the need to transfer staff capacity internally in order to mitigate insufficient skills being available to undertake the responsibilities for effective management of capability. OF6 posts shouldering this responsibility under ACNS(CAP) are ACOS Maritime Capability (liability transfer of HoC AW post from Head Office), ACOS Maritime Warfare (re-titled from LLM), ACOS Ships and Submarines and ACOS Information Systems; the post of ACOS Warfare has been deleted. In view of this significant change to the OF6 layer at the highest degree of acceptable risk, the OF5 level, each of which is responsible for a specific area of capability (one commands the Maritime Warfare Centre), is protected from reductions, and negotiations continue with MOD to extract further Capability area OF5 posts in order to bolster an empowered layer of management. One B1 (AD Concepts and Force Development) and 4 B2s are DSTL posts within NC. One B2 post is deleted, leaving 4 functional area experts in MWC, ISS, CESO and naval architecture.
Liability changes: OF6 – ACOS W deleted³⁰. B2 – SSM TL deleted.
- d. **ACNS(SPT).** At the waterfront, all are FL posts. A re-defined force generation process will place additional responsibility on these roles. Three OF6 Flotilla Commanders lead organisations directly supporting ships and submarines (Faslane and Devonport only) operating from each naval base. Each provides operational assurance required by COMOPS on the fighting effectiveness of units. OF5s are empowered force generating authorities for specific types of ship, managing risk within the domains of frigates/destroyers; mine warfare, fishery and patrol; hydrographic vessels and submarines. However, with the establishment of the Submarine Centre of Specialisation in Faslane from 2017, the post of Capt SM Devonport will be deleted. In NCHQ, there are two OF6s. ACOS Afloat Support is dual-hatted as Commodore RFA³¹, with three OF5 RFA subordinates who lead force generation and capability areas for RFA shipping. ACOS Logistics & Infrastructure has three OF5 posts³²; one RN OF5 is focused on naval and joint logistic operations; one RFA OF5 manages logistic assurance and the munitions and solid support teams; and one tied-Army OF5 leads on combat service and equipment support to the RM and liaison with ARMY Command. Three OF5/B1-2 posts were directly involved in managing infrastructure; the transfer of some responsibilities to DIO means a reduction to just one B1 post (Head of RNIO). With the transfer of scheduling to COMOPS in Northwood, but without any focus for pan-TLB force generation issues within NCHQ, the OF5 post of DACOS Commitments has been re-titled DACOS Force Generation, a high profile role arguably warranting an OF6, directly responsible to ACNS(SPT) for pan-TLB force generation and capability integration issues at the platform and task group levels.

²⁹ CNS 3/3/3/2 dated 31 Oct 11 – RN Defence Reform Implementation, Para 14b states, '...it is obvious to me that the numbers being transferred will be insufficient for the task, because they are considered insufficient now in an experienced team with established and underperforming processes.'

³⁰ 0.5 liability from ACOS W will be used to create an OF6/SCS PB1 Opportunity post as Hd RN Communications (see Para j below).

³¹ ACOS Afloat Support/Commodore Royal Fleet Auxiliary is the titular head of the RFA – RFA personnel are civilians wearing Merchant Navy-style rank

³² The OF5 post formerly responsible in Apr 11 for Log Capability development will transfer to ACOS MAR CAP and be re-titled DACOS Theatre Maritime Sustainability

Liability changes: OF5 – Capt SM deleted. DACOS Infra transferred to DIO. B2 - RNIO DACOS Ops deleted.

- e. **ACNS(A&C).** ACNS (A&C)'s strategic oversight of the NC aspects of introducing the CEPP capability, as well as the replacement of every rotary wing aircraft type in naval service over the next decade, is complemented by the centrally-driven need to retain an OF7-level aircraft operating authority and operating duty holder. The MAA has previously highlighted the leanness (in comparison to the RAF) of the RN's air operating/worthiness system. ACOS Aviation, and two of the OF5s (DACOS AV and AE) are delegated specific air operating and air worthiness responsibilities which cannot be subordinated. The third OF5 in NCHQ is responsible for Carrier Enabled Power Projection (CEPP) transition and integration issues both in the UK and US. CO HMS HERON (RNAS Yeovilton) is a FL role and should downrank to OF5 by end 2015. This will be predicated on successful transition of two new naval aircraft types into HMS HERON and the introduction of two Army Air Corps regiments; it will also be dependant on branch/career factors³³. CO HMS SEAHAWK (RNAS Culdrose) is a heavily-loaded OF5 appointment. Of the two temporary OF5 posts, the Wildcat Project Officer matches the EC ALM delegation to have an OF5 lead X-DLOD introduction into service of this new aircraft type; it is planned to end in 2015. The US (Pentagon)-based CEPP position is rank ranged OF4-5 and currently filled by OF5 during the formative stages of the UK/US Statement of Intent on Carrier Strike and Maritime Power projection, where OF5 level experience, credibility, access and representation is essential. The B1 Chief Aviation Scientist is MOD's senior engineering material forensic investigator and in-service structural material expert; he is an acknowledged UK expert and is paid considerably less than his industrial equivalents. Liability changes: OF6 – CO HMS HERON downranked (tbc). OF5 – WILDCAT Project Officer deleted.

Personnel and Training

- f. **ACNS(PERS).** Personnel and career management of the various branches is made more complex by the need to support a wide range of capabilities whilst maintaining the branch and rank structure. Decisions made under NCR will reduce the manpower available within the ACNS(PERS) area but the output will remain, albeit in support of a smaller number of personnel. With the RN/RM going through a period of significant change over the next three years, the pressures and complexities of ensuring the generation of sufficient and motivated personnel are unlikely to lessen in the near term. Two of the OF6 posts (ACOS Legal Services and ACOS Medical) have counterparts in the other Services at OF7, demonstrating the manner in which RN rank is matched to output. Both are supported by very lean OF5/Band B structures; DACOS Health will transfer to JFC TLB with the establishment of the Defence Primary Healthcare organisation. The Medical Officer in Charge of the Institute of Naval Medicine has been downranked to OF5, along with two other reductions at B2. The wide-ranging and dynamic responsibilities for naval personnel management involving more than 34,000 personnel and over 250 specialisations are vested in three OF6 posts. ACOS Personnel Strategy is responsible for the sustained, responsive delivery of sufficient, trained, appropriately promoted and motivated personnel to meet Defence manning requirements; he is supported by five OF5s who address Future strategy and the implementation of the New Employment Model; Naval personnel policy; Personnel requirements planning; Pay, pensions, and allowances based in MOD; and a Job evaluation Judge. The latter post will be civilianised. ACOS Naval Personnel is responsible for career and welfare management, meeting near term manning

³³ A critical mass of OF6 air/aviation appointments is required to continue to generate a maritime aviation AOA/Duty Holder over the next 10 years.

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requirements including augmentation for operations, administering the recovery pathway, terms of service and casework administration, and RN physical training and development; he is supported by seven OF5s and three Band Bs who are broadly aligned to each of the major areas of responsibility, four of whom (Naval Personnel Team leaders) also report to ACOS PS and the Naval Assistant (NA) to the Naval Secretary for requirements management. The NA post is an experienced OF6 focused on the career and requirements management of OF5 and OF6s and the advice given to the Flag and Senior Officers' Appointment Board (FSOAB) for OF6 appointments; the post has no subordinate senior staff.

Liability changes: OF6 – MOIC INM downranked. OF5 – DACOS JEJ civilianised; DACOS Healthcare transfer to DHPCS in JFC TLB. B2 – INM posts deleted/downranked.

- g. **FOST.** FOST has command over four naval establishments³⁴ and sea training around the coast of UK and worldwide. He is a key stakeholder in DTTCP and FOAP³⁵, has a major requirement defining role in the development of Submarine and Surface Fleet platforms and an increasingly large role as interlocutor with foreign navies and nations over international training and interoperability. Through this, he is a leading stakeholder in delivering the nascent Defence Engagement strategy. The multiple responsibilities stem in large part from the amalgamation in 2008 of two previous OF7 commands (Flag Officer Training and Recruiting and Flag Officer Sea Training); the remit is now even more complex as the training requirement grows in response to rising tension in the Gulf and the Southern Oceans. Whilst this rationalisation delivered efficiencies it also created a single Training Command with a more effective, if considerably larger, training continuum from Phase 1 training to theatre preparation and operational deployment. The command nature of the appointment has a wide geographical and very large personnel remit. DFOST is the senior representative of the Training area within NCHQ and is permanently based in Portsmouth with two OF5 deputies who manage naval training assurance and capability. Three OF6 posts command major shore training establishments as well as being responsible for specific 'streams' of individual and collective training output across a range of diverse training providers including contracted training deliverers and Defence training establishments. Two of the establishments have OF5 chiefs of staff/directors of training. As part of a broader re-organisation of FOST's area, training establishments will in future be commanded at OF5, and responsibilities re-brigaded with the loss of one OF6 and one OF5 post (exact posts to be confirmed). HMS RALEIGH, the ratings new entry training establishment, is already commanded at OF5. Two OF5 posts oversee sea training in Faslane and Devonport, and another (JTEPS) is responsible for Maritime Tier 2 training and evaluation and leads a staff from Northwood. Captain Admiralty Interview Board oversees the standards of new entry officer recruits. The CO 1AGRM is responsible for training and developing core amphibious and surface assault skills and equipment, including the provision of operational support. One temporary OF5 post (Submarine Training Evaluation Project) is due to end this year. FOST is already subject to a PR11 measure to delete nearly 300 posts by 2014/15; this against a prevailing political and operational culture where the demand for the world class 'FOST brand' is steadily increasing.
- Liability changes: OF6 – one post downranked (ntbc). OF5 – one post downranked (ntbc); one temporary post (STEP) deleted.
- h. **FOSNNI.** FOSNNI's triple-hatted status has been explained at Para 35b. He was originally constituted as FORF and FORes at NCHQ Transformation in 2007. His staff

³⁴ HMS RALEIGH, BRNC Dartmouth, CTCRM Lympstone and HMS COLLINGWOOD.

³⁵ Defence Technical Training Change Programme and FLEET Outsourced Activities Project

reflect the diverse nature of his portfolio and are a mixture of regular, reserves and civilians. As Flag Officer Reserves he is supported by Commander Maritime Reserves (an OF6 reserve liability which is currently filled by a regular OF6 – this will revert in 2014), and a regular OF5 deputy who contribute to effective support to operations as well as capability development, notably Future Reserves 2020 (FR20) which will see a significant growth in Reserve numbers. Maritime Reserves is already the second largest independent command in the Naval Service and is now set to expand considerably under the FR20 Programme. With enhanced funding, FR20 will raise Reserve liability to over 4,000 by 2018, and include an £18M estate rationalisation programme. Regional coherence responsibilities have been explained above but as Flag Officer Regional Forces he leads a disparate and lean organisation. It comprises; the Naval Regional Commanders (one OF5, one FTRS OF5, two B1s), three of whom will have been converted to Reserve posts by 2017 leaving NRC EE as the only regular liability; the Captain Naval Recruiting with two B2 posts in support; and the Captain Sea Cadet Corps and a B2 MSF Youth post. FOSNNI is also CNS/1SL's senior security risk manager, and in the event of the deployment of a Police GOLD Commander to a UK national emergency is responsible for ensuring maritime advice; in this he is supported by an OF5 Principal Security Adviser.

Liability changes: OF6 – conversion to Reserve liability. B1 – conversion of three NRC posts to OF5 Reserve liability.

- i. **Chaplain of the Fleet.** Akin to the other Services, the principal chaplain is an OF7 appointment (established by an 1859 Order of Privy Council), but paid as an OF6. Of his staff of two OF5s, one post is being deleted.
Liability changes: OF5 – DNCS Cap deleted.

Finance and Corporate Services

- j. **Director Resources.** Of the two SCS PB1 posts, Director Enabling Services will be downgraded to B1. Remaining B1 posts comprise Asst Hd Secretariat; Financial Controller and Head RN Communications (the latter will be uplifted to an OF6 Opportunity post³⁶ and a wider re-organisation of RN Communications will see the deletion of a B2 post in ACNS(POL)). B2 posts are subject to a 34% reduction and those remaining will be in Communications, Finance, RFA, and the 3rd Sector. At OF6, ACOS RP and his two OF5 deputies will shortly be re-titled to reflect the absorption of P3M responsibilities as part of Capability planning transferral from MOD; one B2 post is DSTL. The temporary OF5 post of Head Outsourcing Project will be deleted.
Liability changes: OF6 – uplift (Hd RN Comms); SCS – DES downranked to B1; B1 – Hd RN Comms deleted; B2 – six posts deleted

Representation in Head Office

- k. **ACNS(POL).** DRR recommended that whilst the focus of Chiefs of Staff would be on their Command, they would need to maintain support staff in London, headed at OF7 level³⁷. ACNS(Policy) fulfils this role for the naval service. In common with the other Services he is supported by one OF6. At OF5, functional leads address the variety of activity required at the strategic level to underpin CNS/1SL's role as the nation's adviser on maritime defence and security. This comprises: RN Strategy and the policy interface with MOD Centre; National and International engagement and partnerships; Operational advice to CNS/ACNS and DCDS(Ops), including the nuclear deterrent; the CEPP capability development interface with MOD Centre; and the RN release to

³⁶ Using liability from ACOS W

³⁷ Defence Reform: An independent report into the structure and management of the Ministry of Defence June 2011, Page 35 Para 7.6

service authority for aircraft (a MAA mandatory function at OF5). One B1 post is the senior policy adviser to ACNS and deputy head of the naval staff, whilst Hd SSPAG has already transferred to CTLB along with a further three B2 SSPAG posts. Four B2s, grading largely based on the level of historical knowledge and experience, are in the Naval Historical Branch, one of whom is dual-hatted as its Head.

Liability changes: B1 – Hd SSPAG transferred to CTLB; B2 – three SSPAG posts transferred to CTLB.

Other areas

- I. **OGD/MOD.** Although listed as part of NC, a non-liability driving OF7 post is dual-hatted as the National Hydrographer and Deputy Chief Executive of the UK Hydrographic Office (UKHO), a trading fund agency of the MOD. The post was by won open competition and is funded by UKHO; discussions with UKHO will clarify whether the post will continue after 2013. An OF5 post (Defence Business Development Manager) also exists. Both posts are 'force multipliers' in the level of representation, insight and influence they bring to the outputs of the UKHO and, in turn, to wider MOD hydrographic outputs. An OF5 post within the Cabinet Office secretariat is responsible for nuclear deterrent and wider Defence advice. The Senior Maritime Adviser to DSTL is an OF5 (equivalent to the other Services). A temporary post in the pan-Government National Maritime Information Centre will downrank to OF4 next year.
Liability changes: OF5 – temporary post (Dir NMIC) downranked

Defence Reform

- m. **Navy Command Review.** Three temporary posts currently exist to guide, oversee and implement the maritime programme of Defence Reform. The OF7 post will end later in 2012, with both the OF6 and OF5 posts due to fold in 2013.
Liability changes: OF7, 6, 5 – temporary post deletions.

SUMMARY

39. NC TLB has undergone significant change programmes over the past decade, and is implementing SDSR-related measures, which together will result in severe reductions in manpower at heightened risk to outputs (a fact acknowledged by the DOB(T)). As a TLB it is lean, efficient and willing to benchmark against other TLBs. This is as true at the senior level as it is across the naval service as a whole and has resulted, in comparison to other FLCs, in a more streamlined baseline from which to conduct senior headcount reductions. Specifically, the current size of the OF7 cadre reflects the scale of responsibility and complexity of NC outputs across all environments, and in the command and control of operations, which are unique amongst the three Services.

40. Cognisant of the level of uncertainty arising from other TLB change programmes which have yet to report, and in which a considerable amount of senior manpower is invested, and the additional, and still to be defined, responsibility which is being transferred from the Centre, NC TLB will deliver appropriate reductions in senior posts. The majority are NFL, and the levels of reduction will result in a de-layered structure at OF6, SCS, and Band B as well as reductions at OF5 and induce an unwelcome but mitigable degree of risk to TLB outputs.

41. NC looks forward to participating in the follow-on work to ensure consistency of approach across TLB boundaries and to identifying the wider implications of each TLB's proposals for RN/RM branch structures.

Annexes:

- A. NC TLB SPLR – Changes to posts**
- B. NC Organisational diagram – 1 Apr 11**
- C. NC Organisational diagram – 1 Apr 13 with subsequent changes highlighted**