



Defence Logistics Organisation

The 2006 Plan

'Confidence in Logistics'



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Defence Values for Acquisition

In meeting its Mission, the DLO must apply the common set of values that it shares with the whole of the MOD acquisition community, including Ministers, Defence Management Board Members, customers at all levels, the scrutiny community, project teams in the various delivery organisations and our private sector partners. We must, therefore:

- recognise that **people are the key to our success**; equip them with the right skills, experience and professional qualifications;
- recognise that **best can be the enemy of the very good**; distinguish between must have, desirable, and nice to have if affordable;
- identify **trade offs between performance, time and cost**; cases for additional resources must offer realistic alternative solutions;
- **never assume additional resources** will be available; cost growth on one project can only mean less for others and for the front line;
- understand that **time matters**; slippage costs - through running on legacy equipment, extended project timescales, and damage to our reputation;
- think **incrementally**; seek out agile solutions with open architecture which permit “plug and play”; allow space for **innovation** and the application of best practice;
- **quantify risk** and reduce it by placing it where it can be managed most effectively; stopping a project before Main Gate can be a sign of maturity;
- **recognise the contribution made by industry**; seek to share objectives, risks and rewards while recognising that different drivers apply;
- value **openness and transparency**; share future plans and priorities wherever possible to encourage focused investment and avoid wasted effort;
- embed a **through life culture** in all planning and decision making;
- value **objectivity** based on clear evidence rather than advocacy; ensure that we capture past experience and allow it to shape our future behaviour;
- realise that **success and failure matter**; we will hold people to account for their performance.

Introduction

Foreword by the Chief of Defence Logistics



Logistics provides the vital key to successful operations; the DLO represents the kernel in that overall logistics process. The transformation we have embarked on has already delivered considerable improvement in our support for enduring Operations and in the build up of our support to Operation HERRICK. It is vital that we continue to improve this support through a period of further change; such as the move to through life IPTs, the creation of the Acquisition hub and the continual improvement to the reliability of the Supply Chain. These and more will be the key to building a different DLO to meet the challenges of the 21st Century. Such change is going to be with us for some time and managing that change successfully will have a direct impact on our mission to Deliver Logistics for Operations. And because the people who work in the DLO are the core of our success, we must manage this transformation in an evolutionary and coherent way that takes everyone with us.

Evolution is therefore the theme of this year's DLO Plan. It is aimed at IPT/BLB Leaders and senior management and its purpose is twofold: to set objectives (and performance and risk measurement criteria against those objectives) for the DLO; and to provide sufficient direction and information to IPTs/BLBs to permit them to produce their Performance Plans. It does so by setting our Mission and Vision in the wider context of Defence, by explaining my strategy for meeting our Mission and for detailing the objectives to deliver that strategy.

The DLO Plan reflects the Defence Vision, The Defence Industrial Strategy and the Defence Acquisition Values. It builds on the DLO Mission and Vision, developed by the Board last year, and the adjusted Critical Success Factors which are a focus for delivery. Our more detailed objectives are driven by the outputs we are funded to provide and this gives an opportunity to create a more focused Balanced Scorecard against which we will assess our performance. This plan, which places an increased emphasis on effectiveness, also includes a clearer line of sight from our Mission and through to our objectives by the use of Corporate Business Categories, which link objectives, performance management and risk.

The test of this Plan will be its regular use throughout 2006/07 as a reminder of what we are trying to achieve as 'One DLO'. Transformation and change are embedded in the DLO and are here to stay. This Plan brings you up to date with those changes and highlights in detail the further progress I intend to make this year and in outline for the years thereafter. We all have a part to play in delivering a more effective DLO.

A handwritten signature in black ink, appearing to read 'K O'Donoghue', written in a cursive style.

General

Sir Kevin O'Donoghue KCB CBE

Chief of Defence Logistics

The DLO Board



General
Sir Kevin O'Donoghue
 Chief of Defence Logistics



Mr
Tim Flesher
 Deputy Chief of Defence Logistics



Rear Admiral
Paul Boissier
 Director General
 Logistics (Fleet)



Major General
Malcolm Wood
 Director General
 Logistics (Supply Chain)



Dr
Chris Mace
 Director General
 Logistics (Resources)



Air Vice-Marshal
Kevin Leeson
 Assistant Chief of Defence Staff
 (Logistics Operations)



Mr
Mark Pedlingham
 Director General
 Logistics (Procurement)



Rear Admiral
Andrew Mathews
 Director General
 Nuclear



Air Vice-Marshal
Nigel Bairstow
 Director General
 Defence Logistics Transformation



Rear Admiral
Rees Ward
 Chief Executive
 Defence Communications
 Services Agency (DCSA)



Air Vice-Marshal
David Rennison
 Director General
 Logistics (Strike)



Major General
Tim Tyler
 Director General
 Logistics (Land)



Ms
Shuna Lindsay
 Director General
 Acquisition People



Rear Admiral
Simon Henley
 Technical Director
 (DPA/DLO Board Member)



Lord
Tunnicliffe
 Non Executive Director



Ms
Moira Black
 Non Executive Director



Prof
Tom McGuffog
 Non Executive Director



Mr
David Gould
 Deputy Chief Executive
 Defence Procurement Agency

Purpose

The purpose of this Plan is to set out the high level objectives that the DLO Board consider critical to our Mission; the Delivery of Logistics for Operations. It is informed by the outcome of STP/EP 05 and the Medium Term Work Strands, which set the resource control parameters within which the DLO must deliver against the Service Delivery Agreement between CDS/PUS and CDL and against Customer Supplier Agreements between the DLO and other Top Level Budgets. Finally, it describes how we are going to manage the delivery of the DLO Mission through rigorous and practical methods of measuring performance and risk, thereby allowing the DLO Board to ensure the most effective use of processes and resources to meet its objectives. It is designed for Basic Level Budget (BLB)¹ leaders and senior management; to explain the Board's intent and to formulate subordinate plans.

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¹ The term BLB is used generically in this Plan to describe all IPTs, BLBs and Business Units.

Section One Strategic Context

DEFENCE VISION AND THE DEPARTMENTAL PLAN

1.1 The Defence Vision is underpinned by three high-level Objectives set out in the Department's Public Service Agreement:

- Achieve success in the military tasks we undertake at home and abroad;
- Be ready to respond to the tasks that might arise; and
- Build for the future.

1.2 To fully realise this Vision, the UK's Armed Forces are continuously adjusting to meet the challenges of increasingly complex operational environments, as articulated in the Defence Strategic Guidance. The Cold War emphasis on volume and mass has been replaced by the delivery of military effect through expeditionary operations. In achieving this, it is necessary to exploit new technologies, particularly in the collection, management and use of information through Network Enabled Capability.

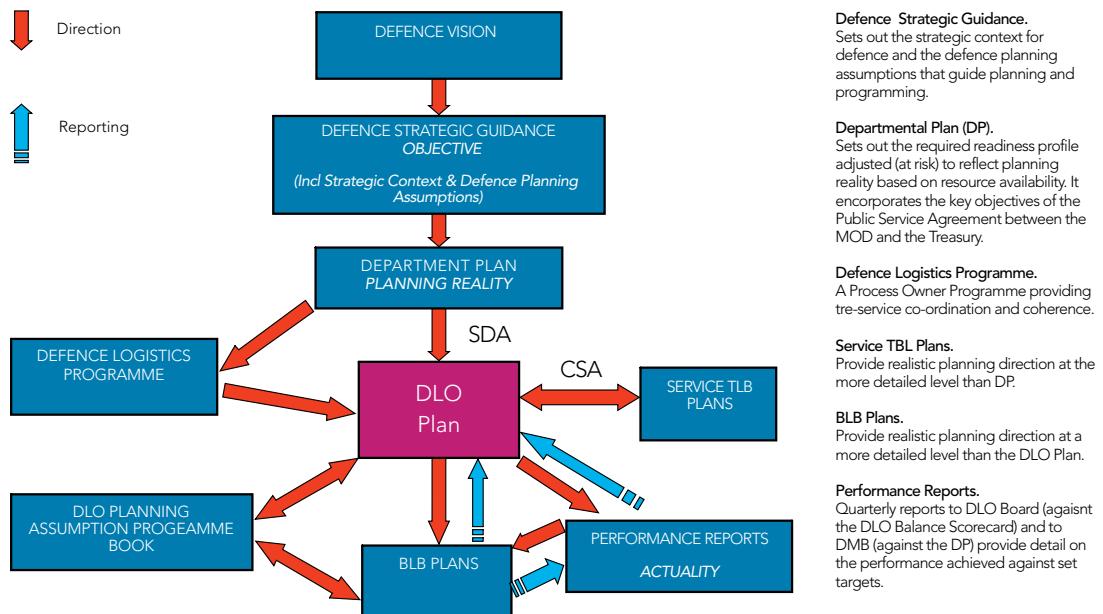


Figure 1: Hierarchy of Defence Plans and Agreements

1.3 Through the Departmental Plan, the Defence Management Board sets out a series of objectives and targets within the Defence Balanced Scorecard with each of the MOD's Top Level Budget holders. The Service Delivery Agreement (SDA) for the DLO sets out what CDL is expected to deliver in terms of outputs (including sustainability) and key targets, and details the resources allocated and authority delegated for this purpose. The outputs and targets in the Service Delivery Agreement are reflected in the DLO Balanced Scorecard. The agreed level of DLO support and sustainability outputs to customers², and the resource control totals within which they are to be delivered, are detailed in Customer Supplier Agreements (CSA) between CDL and other Top Level Budget holders. The relationship between these Plans and Agreements is illustrated in Figure 1.

Strategic Context

THE LOGISTIC PROCESS AND GOVERNANCE

1.4 The increased frequency, duration and demands of operations have reinforced the importance of logistics. The vision for defence logistics is for it to be a highly effective, agile and network-capable component that enhances the commander's ability to execute his mission successfully in both contingent and programmed operations. In order to develop the level of coherence needed to deliver this vision across the logistics community, CDL was appointed as the Process Owner for logistics by the Defence Management Board in April 2004. Logistics is therefore one of the departmental processes within the MOD's Business Management System³.

1.5 As Logistics Process Owner, CDL does not have budgetary or line management responsibility for all logistics assets throughout the process. However, he is empowered by, and accountable to, the Defence Management Board for:

- Defining the boundaries, scope and baseline of the logistics process, ensuring the inter-relationship with other pan-defence processes is managed appropriately.
- Establishing what logistics is required to deliver, strategically, over the long-term, whilst ensuring that the supporting process operates effectively and efficiently today, and simultaneously identifying areas for improvement.
- Managing risk to the delivery of logistics both now and in the future, in accordance with the departmental risk management arrangements.

1.6 Top Level Budget holders remain accountable to the Defence Management Board for delivery of their specified outputs but in doing so, they are required to respect the authority of the Process Owner in relation to their end-to-end processes as illustrated in Figure 2.

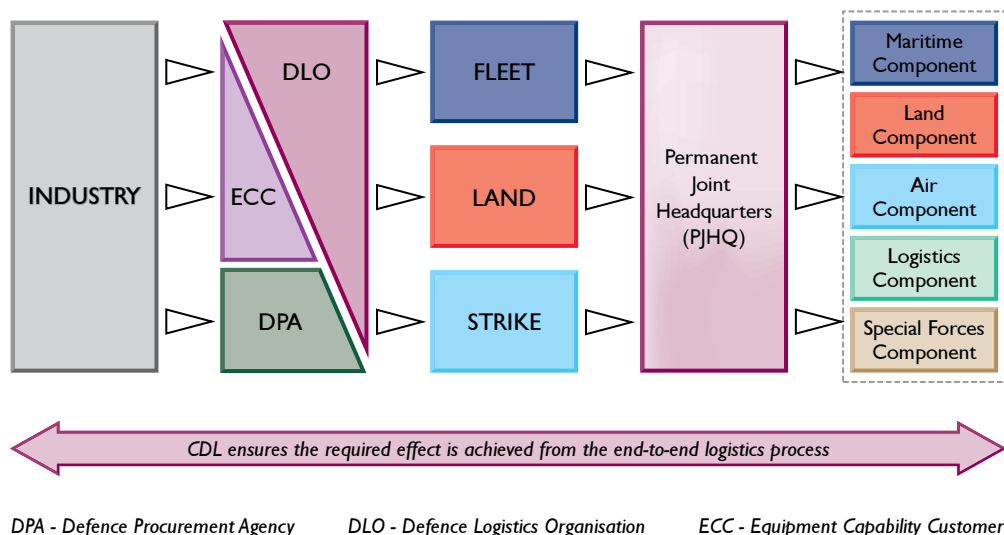


Figure 2: Process Owner Authority in Relation to the End-to-End Process

² DLO Outputs can be categorised as: Platform, Equipment, Services, Consumables and Technical Advice.

³ The Business Management System is a high-level framework. It enables continuous improvement in the delivery of core defence outputs through single-point accountability for the effectiveness and efficiency of processes operating across Top Level Budgets.

Governance of the Logistics Process

1.7 Governance of the logistics process is provided at the highest level through the Defence Logistics Board, with responsibility for:

- Providing advice on the strategic logistic requirements to the Defence Management Board and informing priorities.
- Maintaining a single end-to-end perspective across the entire system.
- Setting of clear rules and constraints to freedom of action.
- Establishing a performance framework that defines and achieves objectives.

1.8 CDL chairs the Defence Logistics Board, whose members are the key stakeholders of the logistics process, including Commanders-in-Chief, Chief of Joint Operations, Deputy Chief of Defence Staff (Equipment Capability), Deputy Chief of Defence Staff (Commitments), the Policy Director and the Finance Director. The Defence Logistics Board will also oversee the Logistics Delivery Programme, which incorporates all logistic change initiatives across Defence including the Defence Logistics Transformation Programme.

The Defence Logistics Programme

1.9 The Defence Logistics Programme sets out the Defence Logistics Strategy, the context in which it was created and the Logistics Delivery Programme that will move logistics forward over the next five years. The Strategy provides the direction to meet CDL's intent that:

All levels of operational command have confidence that the right logistics support will be delivered to each phase of operational activity

1.10 It is brigaded under six themes: coherent, timely delivery of required logistics; comprehensive logistics planning; flexible command and control; minimised demand on logistics; optimised end-to-end support chain; and unifying logistics ethos. For each theme, goals out to 2020 have been identified together with 5 year outcomes. The DLO's contribution to the Defence Logistics Programme, and therefore the main link with it, will be translated into the DLO's Critical Success Factors during the coming year.

DLO Boards And Governance

1.11 CDL is supported in the leadership of the DLO by his senior staff in the Delivery, Strategic and Enabling Layers, who come together formally as members of the DLO Boards. Details of the roles and membership of each Board and how they relate to one another can be found on the DLO Website under 'related links'. The DLO Board is enhancing its Governance Framework by underpinning it with Standing Instructions, aligning it with the MOD Business Management System and making it more coherent with the DPA's Operating Framework.

Strategic Context

DLO PLANNING ASSUMPTIONS

1.12 As well as taking direction from MOD level plans, as shown in Figure 1, the DLO Plan is aligned with relevant information contained in Defence Planning Assumptions and Single Service Plans. It also takes account of the constraints imposed on the way the DLO conducts its business, such as conforming to the Defence Planning Cycle. Elements of this strategic context have been collated in the DLO Planning Assumption Programme Book⁴, which complements the DLO Plan by aiding the coherence and consistency between it and BLB planning. The Programme Book contains 3 categories of planning assumptions and the first category⁵ is consistent with this section of the Plan. 2nd Order Assumptions apply to the whole organization - they are not environmentally specific – and are activities that are consistent with the DLO's strategy. 3rd Order Assumptions are specific to a Domain or Cluster.

OTHER DEPARTMENTAL INITIATIVES

1.13 A number of key Departmental initiatives will also add to the challenges facing the DLO. These include the DLO's contribution to embedding the principles of SMART Acquisition across all areas of our business, not just within BLBs, and realising the benefits from working to those principles. The People programme⁶ will continue to change the way that MOD civilians in the Department are managed and supported: it will provide better information, clearer regulations, more powerful tools for line managers and staff, and a better framework within which we can all make a contribution to the Defence effort. The introduction through 2006 of the Joint Personal Administration system for every member of the Armed Forces will change the way that military personnel are administered. In addition, the introduction of the Defence Information Infrastructure Future across the Department will provide a single, coherent information system⁷. Another major driver is the continued reduction in strength across the MOD resulting from Spending Review 2004 with the DLO directed to reduce by 5764 civilians and some 1000 military personnel by Apr 2008.

Defence Industrial Strategy

1.14 The increasing role industry has to play in the success of operations is highlighted in the Defence Industrial Strategy. Published in December 2005, it examines the relationship between industry and defence and provides a strategy for developing that relationship in order to meet the challenges of the 21st Century. The priority is to ensure that the requirements of the Armed Forces can be met, both now and in the future, in a way that will also promote a sustainable industrial base and retain in the UK those industrial capabilities necessary to ensure operational sovereignty.

1.15 The Strategy recognises a shift in emphasis from the production of complex, technologically-challenging and high-value systems towards the ability to support and upgrade capabilities through-life. In particular, and as part of logistics coherence, industry will need to maintain a capacity to sustain the capabilities once peak production has passed, while defence needs to drive forward improvements in the way in which capabilities are procured, supported and upgraded making best use of contracting for availability and similar arrangements where appropriate. Further work is underway to implement the Defence Industrial Strategy across defence. The role taken by the DLO in implementing the recommendations of this Strategy will form part of the development of the DLO's own Strategy during the coming year.

⁴ Published in March 2006.

⁵ First Order Assumptions, which contain Departmental High Level Assumptions relevant to the DLO.

⁶ This includes work towards accreditation against the new IIP standard.

⁷ Information will flow through a proposed set of IHubs across the DLO.

Section Two

DLO Mission, Vision and Culture

2.1 The DLO Mission and Vision are derived directly from the Defence Vision.

The DLO Mission

2.2 The DLO Mission is:

'to Deliver Logistics for Operations' by

- Supporting the Front Line throughout the operational planning cycle to achieve mission success.
- Being agile and responsive to changing requirements in peace and conflict.
- Developing logistic capabilities to meet future needs.

The DLO Vision

2.3 The DLO Vision is to deliver our Mission through building:

'Confidence in Logistics' so that

- The Front Line is confident that we will deliver what they need, where they need it, when they need it.
- People in the DLO are confident about their contribution to the success of operations.
- The Equipment Capability Customer and the Defence Procurement Agency have confidence in our advice to optimise through life support and reduce whole life costs.
- Industry is confident they understand our requirements.
- MOD Head Office is confident that we deliver good results for Defence as a whole.
- The taxpayer has confidence that we deliver both effective support to our Armed Forces and best value for money.

DLO Mission, Vision and Culture

The Single Line of Sight

2.4 Success in achieving our Mission and Vision is determined, in large measure, by the values we adopt as individuals, otherwise known as an organisation's culture. This culture is driven by the Defence Values for Acquisition. Success is also dependant on the precision with which we target our effort, through a strategy to 'transform logistics support'. The DLO's Critical Success Factors emerge from this strategy; defining what we will focus on over the next five years (see Section 3) and providing the context for our in-year objectives (see Section 4). The Critical Success Factors flow down through the organisation, manifest themselves in BLB Performance Plans and thus allow individual personal objectives to be set. The DLO's 'single line of sight' (see Figure 3) therefore helps enable individuals to relate their own personal objectives to the in-year objectives and the DLO Critical Success Factors so that we all contribute to achieving the Mission and Vision in a way that is consistent with our Culture.



Figure 3: The DLO Single Line of Sight

DLO's Culture

2.5 The DLO is an organisation that works on the basis of collaboration, co-operation and coherence: its people are critical to achieving success. The following set of value statements, which were produced as the result of consulting DLO staff and which are totally aligned with the Defence Values for Acquisition, drive the way we approach work, both as individuals and as an organisation:

- **Customer:** Each of us understands and is committed to meeting the needs of the Armed Forces.
- **People:** We respect and value each other, encouraging our colleagues and appreciating our achievements.
- **Performance:** We deliver a professional service, at best value, getting better all the time.
- **Openness:** We actively use our shared experiences and knowledge.
- **One DLO:** We are committed to building one DLO, a community of mutually supportive teams.

These value statements alone will not change the culture of the DLO, but they will form the foundation for a range of activities that will help to develop new ways of working and thinking across the organisation. Furthermore, they are consistent with the DLO as an organisation that is 'performance focused' and recognise that although 'what' we deliver is crucial, so is 'how' we deliver it. We are working with the Director Defence Acquisition to translate the high level guiding principles enshrined within the Defence Values for Acquisition into a set of shared behaviours that can apply across the whole of the Acquisition Community.

Section Three

DLO Business Strategy

3.1 The DLO Business Strategy is to transform logistics support to the Front Line in order to continue to Deliver Logistics for Operations. The organisation needs to improve the effectiveness, reduce the cost (through efficiency) and enhance the flexibility of this support. Six strategic drivers for change provide the framework for an effective delivery of this Strategy by focusing effort over the medium term to achieve our vision of “Confidence in Logistics”. They are:

Customer

3.2 Strong and healthy relationships with our Front Line Command Customers and a complete understanding of their requirements, priorities and acceptable levels of operational risk are essential to delivering high quality logistic support. We will continue to work with the Front Line Commands to assist them in establishing the capability to set logistic requirements in output terms, captured in succinct Customer Supplier Agreements. At every level, from DLO Board member to BLB team member, we are working together to develop the customer / supplier relationships needed to agree performance, cost and time requirements against which we will assess our output delivery and make informed trade-offs. We need to be able to satisfy the customer requirements for logistic support and sustainability throughout the operational planning cycle. We are building on the Logistic Sustainability and Deployability Audit, working with the Centre to develop a process that will ensure sustainability is a core element of defence planning for contingent operations.

People

3.3 We will develop our people to meet objectives, team and individual needs, with the appropriate development schemes, opportunities and interventions. Development Partners will focus on functional skill development. A corporate approach to leadership development and talent management will be established to ensure that sufficiently able leaders and managers are available to take on the transformation and delivery challenges. Creating an environment in which teams can perform to their full capability, we will maintain the focus on behaviour and culture, embedding our Values throughout the organisation. Appropriate levels of staffing will be ensured through new workforce and skills planning capabilities. We will develop reward and recognition schemes to help facilitate a better level of performance. The Defence Industrial Strategy will be a strong theme in developing better working relationships with industry, giving the incentive to improve performance and have more professional delivery skills.

3.4 The joint DLO/DPA People Team (D2PT) will provide joint strategic Human Resources Business Partner services. As the delivery of both civilian and military Human Resources services are modernised, we will ensure that all staff are informed of these changes and given timely advice.

Performance

3.5 We will make increasingly effective use of performance and risk management processes and tools. The focus on line of sight alignment of objectives must continue to be embedded, with greater clarity of the outputs and services delivered by internal functional areas. We will continue to improve use and understanding of the Balanced Scorecard at Top Level Budget and BLB level. Our contribution to the reporting of logistics performance, preparedness and other supporting metrics that feed the Defence Management Board balanced scorecard will be enhanced. We will expand awareness of the Project Review and Assurance Dashboard and develop its utility where appropriate. The information reported through our Power Steering and Benefits Tracking Tool and DLO Risk Register Tool must be accurate, clearly owned and meaningful, to enable timely decision making.

3.6 The Performance management regime will increasingly focus on outputs, as will in year management. Managing on an output basis means that decisions at every level are informed by the likely effect on output delivery and on costs over time. All of the DLO will conduct STP 07 on an output

DLO Business Strategy

basis, formally incorporating output funding pilots with the Front Line Commands. Appropriate management systems for financial control, supplier management, effective contracting and risk management will be enhanced and embedded. The governance framework will be refined, supported by concise Standing Instructions. Identification and exploitation of best practice across functions will be encouraged.

Logistics Transformation

3.7 The programme of logistics transformation has matured from one focused solely on the delivery of efficiency, to one of equal and increasing emphasis on enabling and delivering improved effectiveness, which will deliver efficiency. As we transform logistics throughout the operational planning cycle (see Figure 4), we will embed the changes within the organisation and enable them to become embedded across Defence. We will simplify lean processes, with demand for logistics driven by operational users and the elimination of waste. Platform reliability, availability and sustainability will be improved. Repair times and equipment holdings will continue to be reduced.

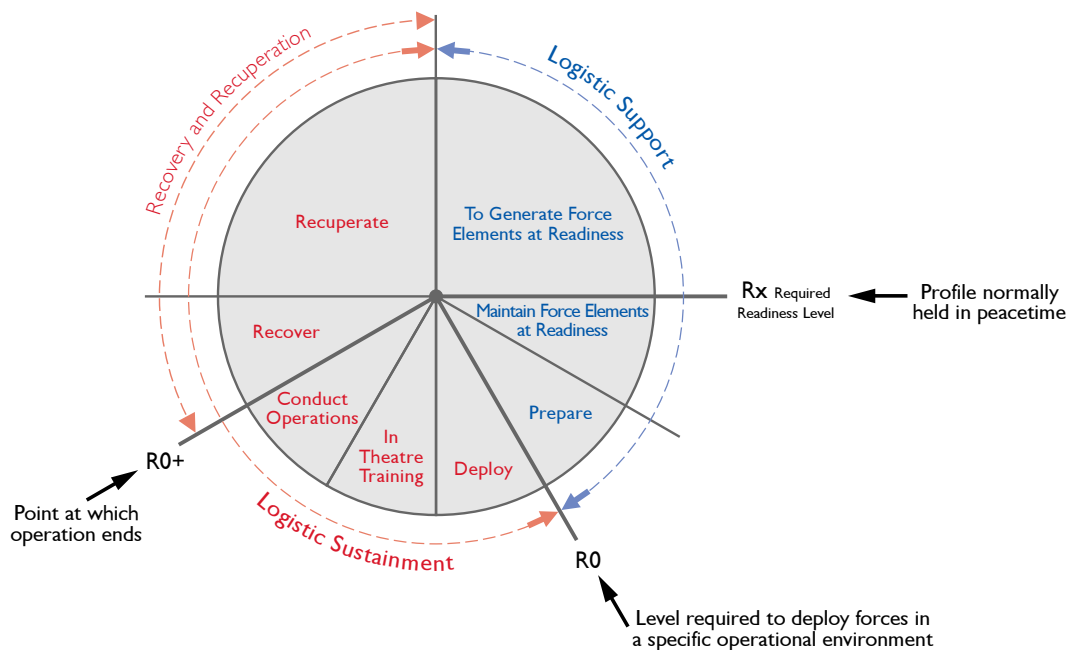


Figure 4: The Operational Planning Cycle

3.8 To ensure development of coherent support solutions, BLBs will comply with the policy contained within the Support Solutions Envelope⁸, as assessed by the Supportability Assurance Group. If they propose an innovative departure from the policy and the operational risk is accepted by all affected DLO Business Areas, then the policy will be updated. In developing support solutions, jointly with the DPA and the wider defence acquisition community, the Transformation Staircase (see Figure 5) provides the high level communication framework to inform customers and stakeholders of the generic type of support solutions available.

⁸ Found on the Acquisition Management System on <http://www.ams.dii.r.mil.uk/content/topics/2619.htm>.

3.9 The Support Options Matrix⁹ is the mapping tool which enables BLB holders to determine (and periodically review) their current and planned support arrangements, taking account of the overall context for Defence. The Support Options Matrix categories align with the steps on the staircase. We are seeing, and continue to expect to see, the centre of gravity in our relationship with Industry move up the staircase - but only in response to positive action that develops and fully utilises Industry's capabilities, and only where we make gains in effectiveness, efficiency and flexibility with no unacceptable additional risk to potential contingent operations or increase in overall whole life costs. We will continue to see cases where the best solution will be to optimise current arrangements.

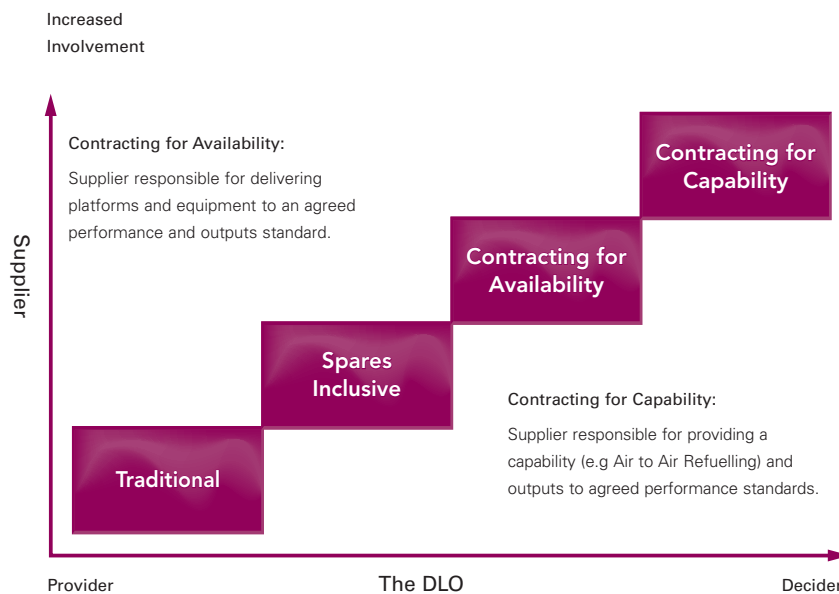


Figure 5: Transformation Staircase

Industry

3.10 The DLO's policy and behaviour in its relationships with industry will be in accordance with the Defence Industrial Strategy. This will result in major reforms of the acquisition and through life support processes. It aims to address the challenge of industrial over-capacity, a challenge that the MOD is placing onto defence industry, while retaining the specialist skills, technologies and systems engineering capabilities that industry needs to support, sustain and upgrade our equipment through life. The DLO was instrumental in the development of the strategy, which will have a hugely significant bearing on how we will do business. Competition remains an important tool for achieving value for money for the taxpayer but we will use alternative contract arrangements, including partnering, where these offer best value for money. Putting the strategy into practical effect will require a collective effort.

3.11 The Supplier Relations Group leads on the assessment of our suppliers' capabilities, the monitoring of supplier performance and the continuous improvement of the Key Supplier Management process. Procurement policy will build on the successes of Procurement Reform in maximising the MOD's buying power in the market place. We will continue to deliver benefits at the point of purchase, through a variety of options, including becoming a more intelligent customer and by using such tools as e-Auctions.

⁹ The SOM can be found on the LSCIT website.

DLO Business Strategy

Organisation

3.12 We have to reduce our numbers substantially and find different ways to improve logistics and acquisition to maintain and improve our support to operations and the Armed Forces. We plan, subject to decisions by Ministers and full consultation with Trade Unions, to collocate the majority of the decider and related enabling functions into the defence acquisition hub in the Bristol/Bath area, where around 8,000 DLO and DPA staff are currently based, creating long-term career opportunities for around 11,000 of those in the defence acquisition community. The supply chain hub will be based in Andover, co-ordinating the restructured defence supply chain. Depth hubs will be developed at some of the RAF Main Operating Bases. By 2008, the DLO will achieve its manpower target¹⁰ (16,041 civilian and 5511 military staff), and we expect to achieve further efficiencies as we deliver the collocation programme. We will also consider how further changes in “how and where” outputs are delivered might drive wider estate rationalisation in line with Departmental Strategy. Flexible ways of working will be piloted, implemented and refined across the organisation, aligned with the necessary cultural and behavioural changes.

3.13 We will continue to improve Joint Working between DLO, DPA and others in the Acquisition Community. We will more effectively deliver the through life management of military capability with dual accountable and truly through-life IPTs, supported by coherent and streamlined ways of working and joint enabling services or support groups where appropriate. We will plan to exploit the opportunity Collocation provides to improve the way the DLO operates with the other Acquisition organisations, allowing the delivery and enabling layers to work together more effectively and reducing the burden on individual BLBs. We will also support the further development of the Joint Technical Enabling Service and the DPA/DLO People Team.

CRITICAL SUCCESS FACTORS

3.14 These six strategic drivers for change focus on having skilled people in a high performing organisation, who understand the logistic requirements of the Armed Forces and drive the optimisation of end-to-end support and through life capability management with the effective engagement of industry. Together, they make up the DLO’s six Critical Success Factors. Nominated DLO Board members have specific responsibility for driving each Critical Success Factor forward, supported by an action manager at Director level, with Director Strategy ensuring coherence across them. These programmes are coherent with the Defence Procurement Agency “Forward” programmes (Performance, People, Projects and Partnering). The key milestones for 2006/07, together with medium-term milestones and outcomes, are detailed in Annex A. To highlight the progress made last year, some of the successes achieved in 2005/06 are also shown.

Critical Success Factor	Action Manager
Customer: The Armed Forces have confidence in the DLO’s ability to deliver effective and efficient support for operations	D Log RP
People: The DLO has developed a highly skilled, high performing workforce delivering demonstrable business improvement	D2PTL
Performance: DLO is a high performing organisation	D Log RP
Logistics Transformation: The DLO is the driver of optimised support, end-to-end, through life and throughout the readiness cycle	DLT D Prog
Industry: Industry is working with the DLO and with others across the Defence Acquisition Community to contribute to implementation of the Defence Industrial Strategy	D Log Proc (Sp)
Organisation: A smaller DLO which is more flexible and responsive to changing Defence needs, working more closely with others in the Defence Acquisition Community	R/CTL

¹⁰ As set in STP 05 Final Plan.

Section Four

DLO Objectives and Supporting Instructions

4.1 Whilst the DLO's Business Strategy is delivered by objectives and milestones against each Critical Success Factor, Domain and Enabling Services performance will be measured against more specific objectives, with the risk against each objective taken into account¹¹. All Domain 2-stars and supporting elements have a role in supporting the DLO's highest priority of support to current operations and this is covered first.

SUPPORT TO OPERATIONS

4.2 In line with the DLO Mission and Vision, the DLO's highest priority objective is in support of the Defence Objective: "to succeed in operations and Military Tasks today". The DLO supports both standing and contingent Military Tasks, including contingent operations overseas, as directed by the Government. Contingent operations overseas will normally be directed by the Chief of Joint Operations with trained and equipped forces provided by the Front Line Commands. The additional costs of operations will normally be met from the Government's Conflict Prevention Fund or from the Contingency Reserve.

4.3 Operational success is measured against targets set by Ministers and is reported directly to the DMB. Throughout the operational planning process in the MOD, the ACDS (Log Ops) Commitments Staff provide the logistic input to the CDS' Military Strategic Estimate and, in conjunction with the PJHQ, Front Line Commands and the DLO, identify the logistic support, sustainability requirements and costs of the operation. This includes, where necessary, diverting resources from planned activity to contingent operations. Once authorised, ACDS (Log Ops) provides logistic direction to PJHQ, DLO and the Front Line Commands. Within the DLO, the Defence Logistics Operations Centre provides the operational logistic focus in order to ensure that, on behalf of CDL, the DLO provides co-ordinated and effective logistic support to operations and Tier 3 exercises worldwide. The standing objectives are therefore:

- Deliver Logistic Support and sustainment to force elements committed on current operations. For 06/07, we expect to participate in: OCULUS, TELIC, HERRICK and the NATO Reaction Force.
- Prepare to deliver logistics support and sustainment for future and contingent operations.

DLO IN-YEAR OBJECTIVES

Deliver (Short Term Plan) Programmed Logistic Support and Sustainability to force elements according to Customer Supplier Agreement targets

4.4 DLO outputs and resources, as set out in Customer Supplier Agreements between CDL and Top Level Budget holders, are managed by the relevant DLO 2-Stars to maximise effectiveness. The contribution of individual BLBs to TLB Customer Supplier Agreements is agreed with their customers in the Short Term Planning process, and defined in BLB Delivery Schedules. Customer Supplier Agreement-based delivery responsibilities are delegated from CDL to BLBs through the Domain 2-Stars, who are responsible for the total delivery to their respective customers. Where there are material in-year changes to agreed outputs it will be necessary to amend Customer Supplier Agreements in-year to reflect this.

Deliver agreed outputs within Resource Control Totals (RCTs)

4.5 Bidding through the Short Term Plan process sets the resource control total allocations required by the DLO to deliver the final outputs identified in its 4* Customer Supplier Agreements. Changes to programmes, unplanned expenditure and/or inability to meet efficiency targets without agreed control total adjustments adversely affect output delivery, leading to diminishing Customer confidence. Such changes must therefore be managed in-year to maintain effectiveness, within the context that changes to total DLO RCTs require Defence Management Board authority. BLB resource allocations were set by the Short Term Plan 05, based on:

¹¹ Performance and risk across all areas are adopting a common set of categories (see Annex B).

DLO Objectives and Supporting Instructions

- A programme which, with careful management jointly with our customers, will deliver the outputs agreed in 4* Customer Supplier Agreements and in CDL's Service Delivery Agreement with the Centre.
- To embed Spending Review 2004 End to End and Medium Term Work Strand efficiencies.
- The full disaggregation of the Top Level Budget Block Adjustment to BLBs, that is sufficiently robust to serve as the basis for the in-year management cycle.
- The establishment of a new BLB baseline risk position linked to a comprehensive risk register, enabling risk to be managed both in year and during future planning rounds.
- Identifying the financial impact of material changes in requirements beyond the STP horizon.

4.6 A breakdown of STP 05 RCTs, aggregated into 2 star Line and Performance areas, is at Annex C. BLB RCTs are regularly updated and issued by FMSG Corporate Reporting.

Deliver DLO Efficiency

4.7 DLO Efficiency Targets are to be linked to agreed change objectives and plans that maximise effectiveness, otherwise they will bring the process and management governance into question and diminish the organisation's reputation.

Develop a highly skilled, high performing workforce delivering demonstrable business improvement

4.8 Over the last 2 years, the MOD has looked at the way civilians are employed, managed, developed and rewarded to see where it can make changes that will better meet its future needs and maximise effectiveness. The People Programme is putting this work into practice. The DLO intends to be at the forefront of this initiative by developing a better way of managing our people, one that will achieve the Defence Values for Acquisition and enable our people to make the best contribution to the UK's Defence capability. The DLO will do this by following the 3 key tenets of the People Programme, namely:

Maximising our pool of talent and skills,

Matching people and their skills to the jobs that need to be done, now and in the future,

And raising our collective performance by improving management, training and development throughout the Organisation.

Apply departmental Business Management Systems to ensure effective, efficient and strong governance

4.9 Specific Business Management Systems' objectives have been set to ensure effectiveness by complying with Secretary of State's Safety, Health, Environmental and Fire Policy, improving DLO Business Risk governance, and providing a safe and secure estate optimised to support DLO outputs and advice to ministers on DLO issues.

Achieve progress against the DLO Critical Success Factors

4.10 The importance of the Critical Success Factors and how they link short term to medium term objectives within the DLO Line of Sight has been explained in Section 3. Specific in-year targets have been set against each Critical Success Factor to align them with the other in-year objectives, with the emphasis on delivering effectiveness.

Domain 2* Key Objectives

4.11 Log FLEET High Level Objectives and Targets

To improve our relationships with industry through the Submarine Acquisition Modernisation Transforming Equipment Support and Transforming Surface Ship Support initiatives thereby delivering embedded efficiencies.

Short Term 2006-2010

- To articulate the impact of the period of Reduced Support funding on Fleet sustainability, develop supporting metrics and plan a funded recovery programme.
- To develop a successful Surface Ship Support Alliance and let contracts for the 'Liverpool 5' group of surface ships.
- To successfully re-let Warship Support Modernisation Initiative contracts at Portsmouth and Devonport.
- To continue the move towards contracting for availability and deliver the associated programme and manpower efficiencies.
- To put in place the necessary transition arrangements to ensure that new classes of ships are adequately supported at In Service date without compromising support to existing ships.
- To ensure timely progress is made with the developing facilities to support de-commissioning and de-fuelling of nuclear submarines.
- To prepare for introduction and disposal of platforms in accordance with the Naval data Book.

Platform	ISD	Platform	OSD
OPV(H)	2007	SWIFTSURE	2010
LSDA	2007		
ASTUTE	2008		
Type 45	2009		

Longer Term - 2010 Onwards

- To deliver the full benefits from closer engagement with Industry through the Maritime industrial Strategy and supporting work streams.
- To commence the De-fuel and lay Up Programme for De-commissioned nuclear submarines
- To prepare for introduction and disposal of platforms in accordance with the Naval Data Book.

Platform	ISD	Platform	OSD
CV(F)	TBC	CVS	2013
MARS vessels	2013	Type 42	2013

Domain 2* Key Objectives

4.12 Log Land High Level Objectives and Targets

Short Term 2006-2010

- Implement a programme to manage the business with Land Command on an Output basis by Jul 06.
- Implement a mechanism that allows the Domain to report sustainability against defined levels of Operations by Nov 06 (Force Elements @ Sustainability).
- To have completed Phase 2 Restructuring by Apr 08 and, subject to decisions by Ministers and full consultation with Trade Unions, to have relocated to an Acquisition Hub in the Bristol /Bath area by Mid 09.
- Have established through-life Land capability based BLBs by Mid 09.
- To have embedded the Priming Equipment Packs capability for Land BLBs by mid 07.
- To implement a forward/depth support solution for the Rotary Wing Platforms by Mar 07.
- Transform Logistics Support for whole Rotary Wing Platforms: Sea King SKIOS by Apr 08, Merlin IMOS by Jan 06, and Chinook TLCS by Jan 06.
- To provide the support solution for all armoured and combat vehicles, their derivatives and trailers through the "A" Vehicle Support Initiative by 2010.
- To prepare for the introduction/ disposal of platforms in accordance with customer priorities:

Platform	ISD	Platform	OSD
NLAW	2006	MILAN	2007
PANTHER	2007	L/R DEFENDER	2006
TITAN/TROJAN	2007	SNATCH 1.5	2007
SUPPORT VEHICLE	2007	SWINGFIRE	2008
CHINOOK Mk3	TBC	SEA KING Mk6CR	2008
FIST	TBC	CHIEFTAN	2008

Longer Term 2011–2014

- To have transformed logistic support for Land platforms with integrated or availability contracts where appropriate.
- To deliver the Future Rapid Effects System (FRES) capability into service with a through life support solution.
- To prepare for the introduction to, and disposal of a number of platforms in accordance with the customer priorities:

Platform	ISD	Platform	OSD
FRES	TBC	L/R Wolf	2011
Future LYNX	TBC	PUMA	2012
		GAZELLE	2012
		LYNX 3/7/9	2012
		SAXON	2014
		CARGO FLEET	2014

4.13 Log Strike High Level Objectives and Targets

Short Term 2006–2010

- To work jointly with customers and other stakeholders to improve:
 - Our ability to deliver against customer priorities and to pilot this approach during STP07 (output funding).
 - Our ability to address support solutions through life with particular emphasis on improving the quality, access and joint approach of air Through Life Management Plans by Apr 2007.
- Transform Logistic Support for whole platforms, with integrated or availability contracts where appropriate:
 - Whole platforms – Harrier Dec 07 and Tornado Oct 07.
 - Integrated support solutions – Nimrod Dec 06, Tornado ATTAC Oct 06, Training ac Jan 07, VC10 Mar 07 and Typhoon stand alone maintenance and upgrade Jan 08 and National Support Centre Sep 08.
 - Commodity availability contracts – air launched munitions Jan 07, Avionics/EW Aug06-Mar 07 and ejection seats initially spanning Tornado, Harrier and Typhoon Sep 06.
- To prepare for the introduction to, and exit from, service across a range of platforms in accordance with customer priorities:

Platform	ISD	Platform	OSD
Sentinel	2006	Canberra	Jul 06
Harrier GR9	Sep 06	Jaguar	Oct 07
Typhoon	OED 2008	Tornado F3	2009
Hawk 128	TBC	Hawk	2010
Nimrod MRA4	2010	Tucano	2010

Longer Term 2011–2014

- To prepare for the introduction to, and exit from, service across a range of platforms in accordance with customer priorities:

Platform	ISD	Platform	OSD
FSTA	TBC	Nimrod MR2	2011
A400M	2011		

4.14 DG Log (SC) L&P High Level Objectives and Targets: 2006 to 2010

- **Logistic Support to Operations.** To support enduring operations in Iraq and elsewhere, whilst ensuring the expanded operations in Afghanistan receive the best possible support.
- **Joint Supply Chain Performance.** To implement the Future Defence Supply Chain initiative (FDSCi) winning 'in-house' bid by Apr 09 and realise the full benefits to the DLO and deliver a more effective Joint Supply Chain for Defence which includes an enhanced End to End Performance Management regime.

Domain 2* Key Objectives

- **Asset Visibility.** To develop and improve consignment tracking (CONVIS) and asset visibility capability for FLCs and others across Defence with the implementation of several Logistic IT applications, including JAMES 2 in Sep 08. Improved asset visibility in the UK will be achieved by Management of Materiel In Transit (MMiT) with IOC in Apr 07 and in the deployed battle space Management of the Joint Deployed Inventory (MJDI) will achieve FOC in Oct 07 and will result in a system that is more user friendly, have improved functionality and result in faster, leaner, more effective logistic support. Work will also continue on the need for a Base Inventory Management System.
- **Munitions Strategy.** The Defence Industrial Strategy includes a chapter on General Munitions, requiring a review of General Munitions and in addition separate work on Complex Munitions. Project MASS (Munitions Acquisition the Supply Solution) will involve DSDA and focus on future capacity for processing and storage of some munitions involving potential commercial partners.
- **Relocate BFPO.** To maintain a seamless service to all customers throughout the relocation of BFPO to RAF Northolt in 2007.
- **DLO Collocation.** Subject to decisions by Ministers and full consultation with Trade Unions, to orchestrate the formation of a supply chain hub at Andover (North) as well as the move of some BLBs to the acquisition hub to the timeframe allocated.
 - To work jointly with other stakeholders to deliver:
 - An enduring Land Priming Equipment Packs' process in place by early 2009.
 - Joint Supply Chain Blueprint.
 - Full implementation of Purple Gate in Dec 08.
 - New food supply contractor to be announced in early May 06.
 - Pay As You Dine roll out.
 - JAMES 2 in association with Whole Fleet Management IOC by Sep 08.

DEFENCE COMMUNICATION SERVICES AGENCY

4.15 The DCSA publishes its own Plan, but its strategy complies with DLO requirements and its performance against Customer Supplier Agreements is reported to the DLO on a quarterly basis. This is consolidated within the DLO's submission to the DMB Balanced Scorecard. The DCSA ensures coherence between its own change programme and that of the DLO.

ENABLING LAYER KEY OBJECTIVES

4.16 Finance Enabling Service.

The Financial Management Support Group, comprising Resources and Plans and Financial Management Directorates, provides services to both DLO and DPA for transactional work, and to the DLO for the full range of planning and finance roles. For 06/07, the priority areas are:

- **Simplify and Improve.** Implement the Departmental programme, including Single Balance Sheet Ownership for the DLO of Single Use Military Equipment, and the introduction of the Planning, Budgeting and Forecasting tool.
- **STP07 and STP 08.** Undertake STP07 on an output, rather than input basis, giving the Customer choice in his priorities, and utilising refined and simplified Customer Supplier Agreements. Implement the lessons learned during this process to refine STP08 in the light of the Comprehensive Spending Review.
- **Performance and Risk.** Review the DLO Balanced Scorecard and our input to the DMB Balanced Scorecard in the light of the pilot work on performance management in the Rotary cluster. Improve the management of risk across the DLO using the web-based risk tool.

4.17 DLO Secretariat.

The DLO Secretariat plays a central role in supporting the strategic direction and top level decision making of the organisation, and in managing relationships with some key external stakeholders. It provides an enabling support service but operates in the strategic and enabling layers, drawing together functional and delivery layer information to provide consolidated advice to the Corporate Leadership and MOD Head Office. Key priorities are:

- Providing the working level link to the MOD Department of State particularly Ministers (and senior staff) delivering effective, high quality material at speed, setting out the DLO position clearly, cogently and persuasively.
- Driving and managing the communications strategy and plan for the DLO, to build and support the corporate reputation across key stakeholder groups, while remaining coherent with broader MOD activity.
- Developing and managing a governance framework through which the DLO Board structure is able to direct, guide, assure and support DLO outputs at the strategic level. Providing an effective secretariat support to each DLO strategic level Board.
- Supporting DLO business cases through active professional advice and effective scrutiny. Driving improvement in clarity of argument and coherence of approach across the DLO and supporting CDL as an IAB member.

4.18 Infrastructure, Safety and Security Enabling Service.

The Infrastructure, Safety and Security Enabling Service, known as DLISS, exists to support a Safe and Secure working environment, an estate that meets DLO accommodation and operational requirements and to deliver Facilities Management Services at a number of core DLO sites. For 06/07, the priority areas are:

Security - Use the web-based DLO Risk Register as a means of achieving more effective security risk management. Confirm the DLO's annual security Self-Assessment Exercise as an important tool in promoting proportionate and effective security measures and awareness, especially at senior and middle management levels.

Safety & Environment - Use the recently-introduced rolling three-year Safety, Health, Environment and Fire (SHEF) Audit Programme to ensure DLO compliance with Safety, Health and Environment legislation and MOD Policy; individual IPTs and Enabling Services will be audited against the specific DLO SHEF risks and the processes of the nine Discipline Leads will be verified. Work to support the DLO meeting the Departmental target of adopting Environmental Management Systems (EMS) at 80% of sites.

Infrastructure - Articulate the broad direction and characteristics of the DLO's future estate requirements to inform investment, future estate optimisation and the identification of further rationalisation opportunities. Modernise delivery of DLO Facilities Management through alignment with current Defence Estates (DE) policy and the wider MOD Infrastructure Development Programme (IDP); where practicable this will be undertaken jointly with the DPA. A key enabler in achieving this is the planned DPA/DLO Bath-Bristol Total Facilities Management (BBTFM) Project, which will replace the existing TFM contract for the Abbey Wood site and the Bath Multi Activity Contract (MAC) from the end of 2007. Continue to engage in the DE-led work to develop a MOD-wide Estates Performance Measurement System (EPMS) that captures management information and performance data across the DE and Customer managed estate.

4.19 Procurement Service.

The Procurement Service provides procurement and commercial support, advice and output to the DLO through its development of policy and procedures together with the appointment of commercial officers authorised to undertake contract placements. It is also providing the focus for DLO and DPA joint development on commercial matters, lead at 2* level by DG Log Proc and his counterpart in the DPA, Director CommSR. Both will have functional responsibility to the shortly to be appointed DMB level Defence Commercial Director. The Procurement Service is tasked to develop and implement procurement and commercial solutions that deliver the most cost effective support to the Front Line.

Domain 2* Key Objectives

Priority areas are:

- The provision of services to IPTs and other customer delivery units bringing together traditional commercial support and the development of Category Management benefits and the longer term advantages of Supplier Engagement.
- The provision of staff with the appropriate skills and experience to enable the DLO to deliver effective front line support through innovation and implementation of radical approaches to contracting, moving from provider to decider in such areas as contracting for availability.
- To ensure that the pan MOD and intra governmental advantages of procurement options being developed and delivered are available to the DLO in order to further improve effectiveness

4.20 DLO/DPA People Service.

The DLO/DPA People Team (D2PT) provides a joint HR Enabling Service to both TLBs. Eight customer-facing 'Business Partner' teams (Technical & Weapons, Corporate Services, Procurement & Commercial, Communication & Information Systems, Air, Supply Chain, Land and Maritime) provide strategic people input to the joint TLB customer base and are supported by an internal geographically dispersed and flexible Resource Group who are tasked to undertake specific people projects. Central teams (Strategy, Performance, Life at Work, Military, Smart Acquisition, Development and Training Delivery) provide a range of common people services whilst a transactional team currently provide day-to-day people services including recruitment, people management, pay, performance, reward and recognition, all of which will progressively transfer to the People Pay & Pensions Agency by 2008. D2PT key strategic objectives for 06/07 are:

- Develop organisations to deliver the DLO and DPA missions (assisting DLO and DPA response to the People Programme and DIS; providing an HR strategy and workforce plan; enabling cultural development; and ensuring a people focus in all change).
- Develop People to deliver the DLO and DPA missions (producing a development strategy; delivering corporate schemes to develop people; enabling industry, teams and organisations to deliver; and encouraging business leads to develop people).
- Work with business to plan for the organisations to be appropriately staffed (providing accurate workforce information to enable change; providing, reviewing and updating workforce plans at TLB and domain level; and making proposals for change that ensure current and future workforce requirements are satisfied).
- Deliver transactional services (civilian and military) through transition to PPPA and JPA completion.
- Continually improve D2PT Performance (implementing and maintaining effective D2PT internal governance procedures; driving performance improvement across D2PT; and delivering HR change programmes).

4.21 Technical Enabling Services.

Technical Enabling Services (TES) is a pan DPA-DLO provider of common technical services, headed by a single 2* (Technical Director) accountable to both Management Boards. In order to establish a single efficient and effective common organisation, the DPA's Technical Support Groups were fully merged with those in the DLO on 1 April 06. The TES aims to play a leading role in helping improve Agency performance through the delivery of policies, advice, support and assurances; enabling the Department to acquire, operate and sustain safe and effective military capabilities. Objectives for 2006/07 are:

- To deliver costed Through Life Management (TLM) practice;
 - Ensure the provision of relevant and coherent (across TES) policy, advice and guidance to enable IPTs to achieve their TLM Maturity Level Targets. Target: to set and agree SMART objectives/requirements for 100% of TLM assessments - to be promulgated 6 months prior to conduct of assessment.
 - Provide formal assurance that acquisition proposals are soundly based on a through-life basis when they reach major investment decision points. Target: TLM issues become cause of rejection for <5% of Initial Gate/Main Gate or Review Note approvals.

- Act as CDL's Defence Logistics Process Owner for the high level process 'P2 – Solution Specification Development', as defined in the DLO BMS Logistics Model.
- That all Safety and Environmental Protections, Technology Management and Support Sustainability policies and processes are coherent across both the DPA and DLO.
- To provide an effective TES assurance regime;
 - That all procurement projects receive TES assurance at key Project Reviews (e.g. Initial Gate, Main Gate, preceding transition from the DPA to DLO, on introduction to service, and for major upgrades). Target: 100% of 'mission critical' (as defined by customers) projects receive formal TES assurance at the required time.
 - That all requests for TES assurance 'Red Team' assistance to mission critical projects are met. Target: 100% of Red Team requests are met.
 - That all IPTs with major projects assessed as competent in: Programme & Project Management; Engineering & Safety Management; Supportability & Logistics. Target: 100% of major projects assessed. Assessments to be made of all subject IPTs 6-months prior to major investment decision points.
 - Act as 2* assurance authority for all procurement strategies and support strategies/ solutions for EP/STP expenditure as investment proposals are submitted to the IAB for approval and for cases approved under TLB delegated authority.
- To create a single TES through restructuring: effective, efficient and customer focused;
 - Deliver common technical enabling services that meet the needs of CDL and CDP, and the wider MOD community by 3 Apr 06. Targets: Business Process Framework to be in place and business critical processes to be developed by 3 Apr 06; 70% of all TES processes and procedures in the Business Process Framework to have been developed, reviewed and/or amended to ensure that they meet CDL/CDP/wider community needs by 29 Sep 06; 100% of all TES processes and procedures in the Business Process Framework to have been developed, reviewed and/or amended to ensure that they meet CDL/CDP/wider community needs by 2 Apr 07; engage with Chief Technology Officer (CTO) and Integration Availability Group Leader to identify and deliver virtual TES Communications and Information Systems (CIS)/Network Enabled Capability Groups for CIS customers by Apr 06. [Directorate of CTO objective]
 - Develop a programme for improvement and benefits tracking, through a robust performance management system. Targets; Performance Management to be in place by 3 Apr 06; complete PMS training and development by 31 Oct 06; performance data to be available from 1 Nov 06.
 - Develop and publish the TES Plan (linked to DLO and DPA objectives). Targets; TES Performance Plan to be published by 3 Apr 06.
- To deliver agreed quality and timely service to our customers;
 - Act as equipment project approving authority in accordance with IAB procedures for Category B and C projects that are managed by TES Groups. Target: to provide formal response for all TES sponsored IAB submissions, within 2 weeks of formal submission to the AA.
 - To develop/review all TES, Future Business Group (FBG) and Information System Group (ISG) Customer Supplier Agreements (CSAs) and Internal Business Agreements (IBAs) ensuring that the proposed targets are realistic, achievable and consistent with DPA and DLO targets and that procurement routes offer best value for money. Targets: TES IBAs to be agreed with DLO Cluster IPTs by 3 Apr 06; all CSAs and IBAs with customers by 1 Aug 06; all CSAs and IBAs to be reviewed every 6 months.
 - Ensure service is delivered in accordance with the IBAs and CSAs – to be valued by our Customers. Target: <5% of TES delivered outputs to receive customer complaints.
 - Ensure Output 6 Research Projects demonstrate exploitation through improved exploitation planning. Target: 80% of projects (06/07), 85% (07/08) and 90% (08/09).

Domain 2* Key Objectives

BLB PERFORMANCE PLANS

4.22 The DLO's Objectives provide the overarching tasks within which BLBs, including those in the Enabling Layer, develop their own Performance Plans for the delivery of their outputs. Detailed BLB Missions and tasks are defined within a framework of Delegations, Customer Supplier Agreements and Internal Business Agreements. These define end to end responsibilities, the role of Domain 2-stars, their Support Teams and Cluster Leaders and are based on achieving Value For Money to the MOD as a whole. Domain and Cluster Leaders will derive information and performance management requirements from TLB-level data, aggregated to reflect the performance of BLBs within Domain, Line and Performance groupings and Clusters. Cluster Business Profiles are shown on the DLO website¹².

DLO PERFORMANCE AND RISK MANAGEMENT

Performance Management

4.23 The DLO Board reviews the DLO's performance against the DLO Balanced Scorecard¹³. This provides inputs to the Defence Management Board Balanced Scorecard, although it does not mirror it. The DLO Balanced Scorecard data will be matched to corresponding high level risks to delivery of objectives and outputs. Supporting the DLO Board in these reviews are:

- the Output Board, who will manage the current and future performance of the DLO against the outputs required by their customers (as reflected in the 4* CSAs); and
- the Enabling Service Board, who will review, quarterly, their own Balanced Scorecard and a customer assessment of the Enabling Services' performance.

4.24 Each BLB, including those in the Enabling Layer, is to review and manage its performance against its own Balanced Scorecard. As above, these do not need to mirror the DLO version but must be sufficiently consistent with it to provide information that can be consolidated into the DLO Balanced Scorecard's overall picture. The emphasis for the development of this year's scorecard has been to simplify the content and to report to the DLO Boards only those measures and targets considered business critical. Relationships between the ES and the Delivery Layer will be managed through IBAs¹⁴ which will define the services and outputs to be provided by the ES to the Delivery Layer.

¹² Under 'Related Links' – DLO Clusters.

¹³ Dual accountable IPTs will need to comply with the direction from both DLO and DPA.

¹⁴ Jointly signed by Cluster Leaders and Enabling Service Team Leaders.

The 2006/07 DLO Balanced Scorecard

4.25 Outline DLO Objectives within each perspective are summarised in Figure 6. Full details of the DLO Balanced Scorecard Objectives, Measures & Targets can be found at Annex D.

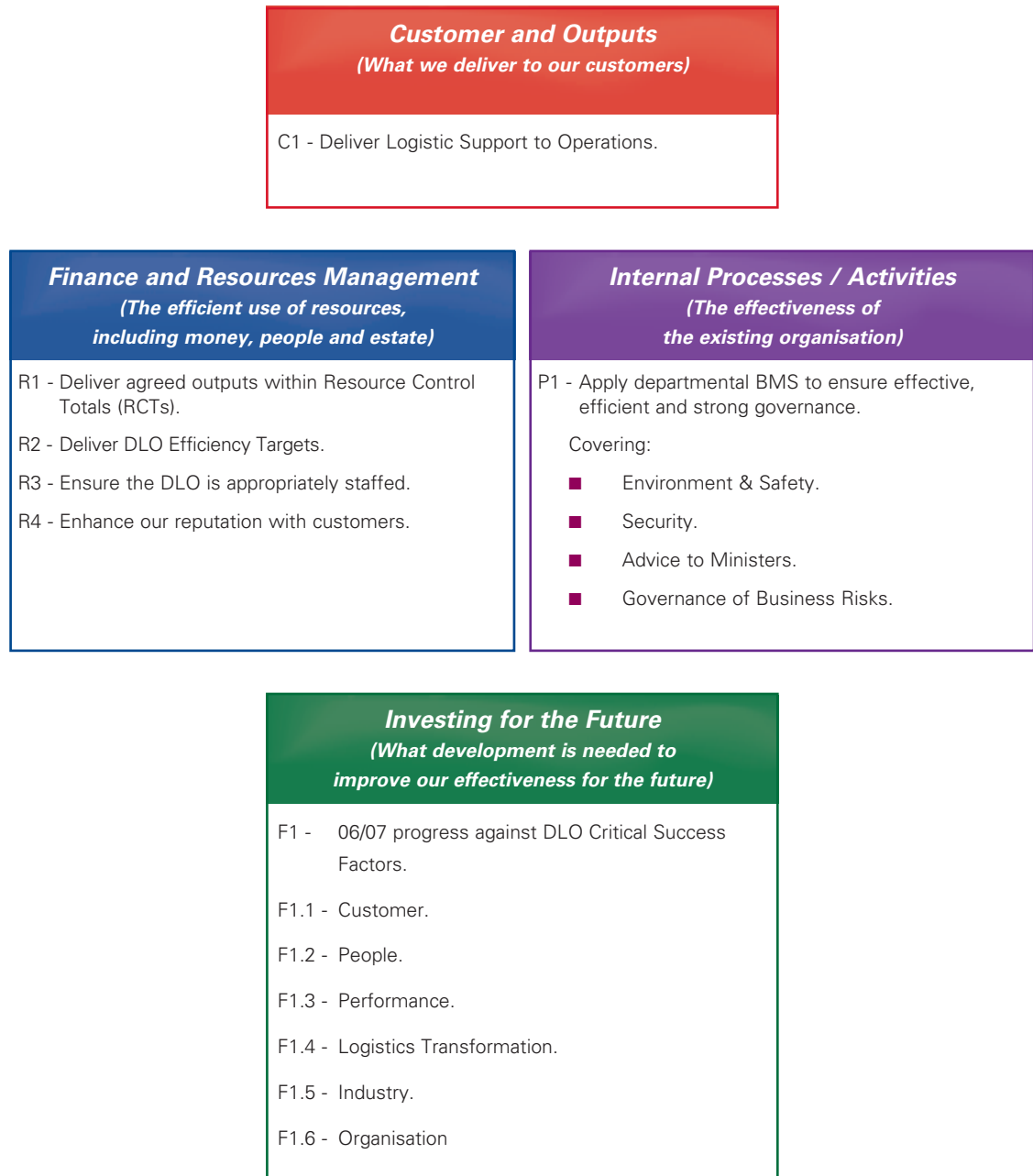


Figure 6: DLO 06/07 Balanced Scorecard

Domain 2* Key Objectives

Risk Management

4.26 Risks are inherent in all the DLO's activities, not only in supporting operations but also in our enabling services, processes and resource management as well as in developing both people and the organisation for the future. The effective management of risk is crucial to the successful delivery of our outputs. Risk management is integrated into the review of performance against the Balanced Scorecard objectives¹⁵.

4.27 Risk is to be managed at all levels; from corporate level down to individual BLBs and projects. All identified risks are to be owned and managed at the level appropriate to the ability to control them. They will be reviewed regularly and with a frequency that matches the nature of the risk. Our top level risks and the strategies in place to mitigate these risks will be reviewed throughout the year by the DLO Boards.

4.28 The DLO will manage risk from a top down and bottom up perspective. To enable this to happen, a web-based tool¹⁶ has been rolled-out that provides visibility of risk across the DLO. The tool facilitates the recording of risk information that BLBs wish to send to a higher level for action or information and for pan Cluster/Domain/DLO Strategic risks to be generated. Over the next year, the DLO intends to mandate use of the tool across all areas. Financial risk is to be managed by IPTs and BLBs and contained within uncommitted funds. There is no intent to hold risk, including financial risk, centrally but it must be managed, with detailed mitigation plans, using the chain of command and in concert with customers and industry.

4.29 The corporate (top down) risk register, shown at Annex E and within the Risk Tool, is formed from the key risks identified by the Board and, where appropriate, key BLB risks escalated upwards, as illustrated in Figure 7. The development of corporate risks and the integration with BLB risks through the top down and bottom up risk management system will provide an improved understanding of the key strategic risks facing the DLO, with supporting evidence from the Delivery Layer, and the impact on DLO Outputs.

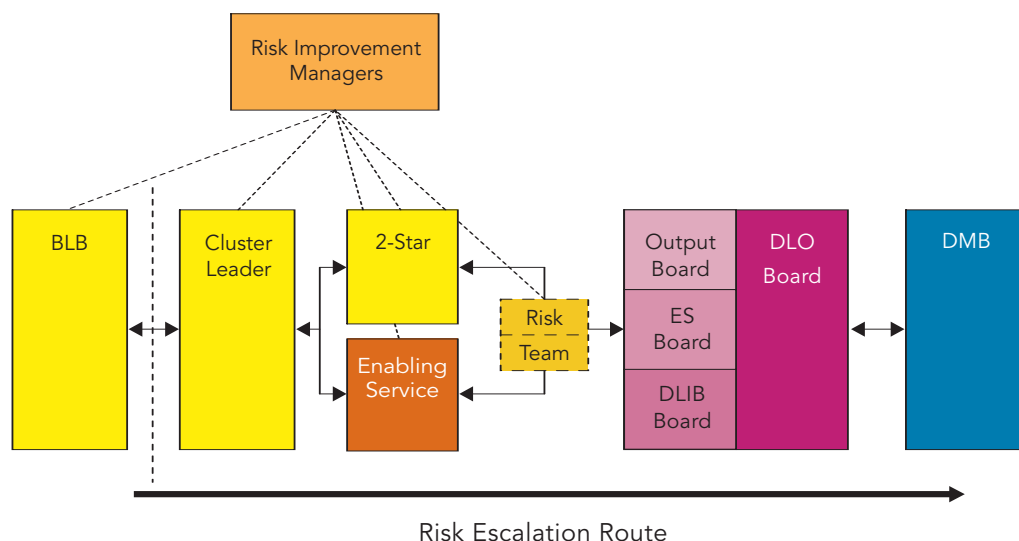


Figure 7: Flow of Risk Information

Milestones

4.30 Key 06/07 milestones are contained in the DLO Planning Assumption Programme Book.

¹⁵ The Corporate Categories for Business Planning and Risk Management, at Annex B, will be used to assign our corporate risks against in-year DLO Balanced Scorecard objectives.

¹⁶ <http://defenceintranet.dir.web.r.mil.uk/DefenceIntranet/ApplicationsAndTools/BrowseApplicationsAndToolCategories/ManagementAndCommunication/DloRiskRegisterTool.htm>

Annex A

DLO Strategy, Achievements, Milestones and Outcomes

Customer: The Armed Forces have confidence in the DLO's ability to deliver effective and efficient support for operations

Achievements in 2005/06	Milestones for 2006/07	CSF outcomes and medium term milestones for 2007-11
<ul style="list-style-type: none"> ■ Improved relationships between Front Line Commands (FLC) and DLO Domains, underpinned by Customer Review Boards, DLTP Environmental Boards and FLC Intelligent Customer Cells embedded ■ Output based STP 07 process developed, incorporating FLC output funding pilots ■ New DLO CSA guidance issued and adopted by all TLBs ■ Customer requirements scrutinised at the start of the STP planning process for the first time ■ Total Logistic Requirement calculated for the first time through the Logistic Sustainability and Deployability Audit and Logistics Wargame 	<ul style="list-style-type: none"> ■ Implement new DLO corporate customer satisfaction survey process (Apr 06) ■ Issue Support Solutions Envelope Instructions V4.0 to DPA and DLO IPTs and Key Support Area owners in order to give assurance that IPT support and sustainability solutions comply with logistic policy, are coherent across Defence, have acceptable operational risk and are funded through life (May 06) ■ DLO Board STP 07 review (Jun 06) ■ Develop a process with MOD Centre to enable funded sustainability targets for contingent operations to be set in CDL's SDA 08 (Sep 06) ■ Articulate the sustainability requirement in output terms for incorporation in CSA 08 (Dec 06) ■ CDL's SDA 07 and DLO/TLB CSAs signed (Mar 07) 	<ul style="list-style-type: none"> ■ Funded sustainability requirements are placed on DLO in STP 08 for current and contingent operations ■ CSAs encompass the whole support and sustainability cycle ■ The DLO and FLCs have a common understanding of customer requirements and their implications for the whole support and sustainability cycle ■ The FLCs have output cost data and metrics to inform decision making and trade-offs between priorities and acceptable levels of operational risk ■ Working with the DPA, ensure funded, through life support solutions are in place and demonstrate enhanced ability to respond to Urgent Operational Requirements, to enable rapid capability insertion

People:

The DLO has developed a highly skilled, high performing workforce delivering demonstrable business improvement

Achievements in 2005/06	Milestones for 2006/07	CSF outcomes and medium term milestones for 2007-11
<ul style="list-style-type: none"> ■ Development Partners in place across DLO & DPA ■ Increased number of business and engineering graduates through formal schemes ■ Lean courses established at the Defence Academy ■ Initial Defence Logistics Managers Course convened Jan 06 (75 students, many from DLO) ■ DLO liP accreditation May 05 ■ 4 DLO teams win Min(DP) awards ■ 31 teams and 22 individuals awarded CDL commendations ■ 4 DLO teams/ individuals recognised at GEMS 2005 awards ■ CDL Roadshows and Senior Managers Conferences, "Ask DCDL" and DCDL Seminars ■ DLO People Team joined up with DPA People Team ■ Band B and Band C Transformation Forums on Living the Values conducted with successful generation and cross fertilisation of ideas ■ Production of an action plan, signed up to by the DLO Board, to address issues from the 2005 Staff Attitude Survey, liP and Values forums ■ Absence reporting and internal resourcing transferred to PPPA 	<ul style="list-style-type: none"> ■ Reward and recognition strategy submitted to DLO Board (Jun 06) ■ Development Partner action plans in place to provide a clear focus on functional skill development (Jul 06) ■ Production of HR Strategy and Workforce Plan (Sep 06) ■ Corporate approach to leadership development and talent management established (Dec 06) ■ Deploy PFHC (Dec 06) ■ NSQEP sustainability plan (Jan 07) ■ 24 Transformation Forums delivered through the year (Mar 07) ■ Greater than 50% post profiles and Personal Skills Profiles entered on HRMS (Mar 07) 	<ul style="list-style-type: none"> ■ Successful transfer of transactional work to PPPA (Dec 07) ■ The DLO has a professional workforce that is efficiently deployed with the appropriate core, functional and acquisition skills for now and in the future ■ Appropriate levels of staffing ensured through new workforce and skills planning capabilities ■ Our line managers are involved in the identification of the development needs of individuals in the DLO ■ Our required leadership skills are clearly defined, delivered through appropriate career management/ timely training ■ The core principles of liP are embedded throughout the DLO ■ The DLO exhibits a culture and environment in which teams can perform to their full capability, with the DLO Values embedded across the organisation

Performance:

The DLO is a high performing organisation

Achievements in 2005/06	Milestones for 2006/07	CSF outcomes and medium term milestones for 2007-11
<ul style="list-style-type: none"> ■ Delivered the original 20% output efficiency gain by Apr 06 (The DLO Strategic Goal) ■ Performance Plans compiled by all Enabling Services, underpinned by meaningful Internal Business Agreements (IBAs) between BLBs/Clusters where appropriate ■ Project Review and Assurance (PR&A) process established ■ DLO risk management process updated ■ Maritime Diagnostic study identified performance management mechanisms to improve effectiveness and efficiency ■ Coherent IS strategy delivered 	<ul style="list-style-type: none"> ■ Develop the underpinnings of the Balanced Scorecard (BSC) "K" measures and the logistic input to the "B" measures to ensure accurate representation of DLO performance and Departmental capacity to support and sustain Force Elements (May 06) ■ Publication of revised Support Solutions Envelope (May 06) ■ 100% of IPTs and Business Teams applying the principles of PR&A (Jul 06) ■ Defence BSC application tool pilot study implementation (Jul 06) ■ DLO Governance Framework, supported by DLO Standard Operating Procedures, to be issued (Jul 06) ■ Defence BSC application tool IPT Phase 2 implementation (Jan 07) ■ The DLO Boards use the combined Risk and Performance reports as the basis for informed decisions on end-to-end and through life issues (Mar 07) 	<ul style="list-style-type: none"> ■ Performance and risk management information system operational (Mar 08) ■ The performance of the DLO is more effectively managed, measured and reported on ■ Logistic performance reporting to Defence Management Board and Defence Logistics Board is combined to better inform decision making from a common baseline ■ There is a clear and effective DLO governance framework covering processes and internal relationships, with appropriate standard operating procedures used across the organisation ■ A culture of continuous improvement has become embedded with best practice and learning from experience exploited throughout the DLO ■ Improved risk assessment/ management has become embedded as part of the decision making process ■ Increased effectiveness of the SSE in the assurance of support solutions ■ A performance focused culture built on Line of Sight alignment of objectives ■ The DLO and its main stakeholders have an agreed approach for measuring, reporting and assessing DLO performance ■ Our communication and knowledge management mechanisms are in place, used effectively and support the sharing of information. Knowledge is recognised as a corporate asset

Logistics Transformation:

The DLO is the driver of optimised support, end-to-end, through life and throughout the readiness cycle

Achievements in 2005/06	Milestones for 2006/07	CSF outcomes and medium term milestones for 2007-11
<ul style="list-style-type: none"> More effective Joint Supply Chain in UK/NW Europe Op TELIC – Demonstrated that delivery for items in-theatre can be reduced from 7 to 1 day. Current target, 95% of demands delivered within 5 days due to operational restrictions. Joint Asset Management and Engineering Support (JAMES) 1 Whole Fleet Management (WFM) Interim Operating Capability (IOC) declared Purple Gate IOC declared Issued JSP 336, Defence Supply Chain instructions 	<ul style="list-style-type: none"> VITAL technical refresh IOC (Apr 06) Consignment Visibility IOC (Sep 06) Achieve delivery, of 95% of demands to Op TELIC/Op HERRICK (at Standard Priority Codes 01, 02 and 03), in 17 days/14 days respectively as part of the PJHQ endorsed targets for these operations (Dec 06) JAMES 2 MG (Nov 06) Purple Gate Phase 2 (Nov 06) Management of the Joint Deployed Inventory (MJDI) IOC (Feb 07) 	<ul style="list-style-type: none"> Management of Materiel in Transit IOC (Apr 07) Achieve 7 day delivery for all stock across the UK/NW Europe (Apr 07) MJDI Full Operating Capability (FOC) (Oct 07) WFM/JAMES 2 IOC (Sep 08) Purple Gate FOC (Dec 08) Management of the Base Inventory System IOC (late 09)
<ul style="list-style-type: none"> Implemented forward & depth support regime for fixed wing 		
<ul style="list-style-type: none"> Created Harrier depth hub at Cottesmore/Wittering 	<ul style="list-style-type: none"> Harrier GR9 ISD (Sep 06) Pegasus availability contract (Mar 07) 	<ul style="list-style-type: none"> Harrier single availability contract for aircraft and engine (JASS) (Dec 07)
<ul style="list-style-type: none"> Created a Tornado depth hub Tornado engine (RB199) availability contract (ROCET) 	<ul style="list-style-type: none"> Tornado ATTAC Contract (Oct 06) Tornado ATTAC ISD (Feb 07) 	<ul style="list-style-type: none"> Complete Marham Depth hub (Apr 07)
<ul style="list-style-type: none"> Created VC10 depth hub at DARA 	<ul style="list-style-type: none"> Create C130 Depth Hub (Oct 06) 	<ul style="list-style-type: none"> Transfer C130 to Brize Norton (2009-2012)
<ul style="list-style-type: none"> Depth support hub established for Chinook, Sea King and Lynx on-aircraft work 	<ul style="list-style-type: none"> Transfer to DARA Fleetlands to be complete (Mar 07) 	
<ul style="list-style-type: none"> Started Sea King Integrated Operational Support spares availability service 	<ul style="list-style-type: none"> Chinook Through Life Customer Support availability service (May 06) 	<ul style="list-style-type: none"> Integrated Merlin Operational Support £12M run rate saving (Dec 08)
<ul style="list-style-type: none"> Typhoon Support solution Phase 1 	<ul style="list-style-type: none"> Typhoon Support Solution Phase 2 (Non-avionics & Engines) (Dec 06) 	<ul style="list-style-type: none"> Typhoon engine availability-based contract (2009)
<ul style="list-style-type: none"> Improved Warrior availability Trial of Priming Equipment Packs (PEPs) with 19 Brigade 	<ul style="list-style-type: none"> Armoured Vehicle Support initiative IG (May 06) 	<ul style="list-style-type: none"> Full PEP implementation (early 09)
<ul style="list-style-type: none"> Improved OPV and MCMV availability Maritime Diagnostic study Warship Support Modernisation initiative (WSMi) re-let for NBC Clyde Maritime Support Initiative Defence Logistics Business Consultancy accredited as a "Premier Practice" of the Institute of Management Consultancy 	<ul style="list-style-type: none"> Provision of Marine Services implementation (Apr 06) Transforming Submarine Support MG (Jun 06) Commence roll out of Lean to Maritime IPTs (Aug 06) T45 Support MG (Nov 06) WSMi re-let for NBC Portsmouth and for NBC Devonport (Dec 06) Complete initial phase of RCM "Refresh" work arising from the Maritime Diagnostic (Mar 07) 	<ul style="list-style-type: none"> Surface Ship Support implementation (late 07) ASTUTE Support (Oct 08) CVF Support

Industry:

Industry is working with the DLO (and with others across the Defence Acquisition Community) to contribute to implementation of the Defence Industrial Strategy

Achievements in 2005/06	Milestones for 2006/07	CSF outcomes and medium term milestones for 2007-11
<ul style="list-style-type: none"> ■ Key Supplier Management (KSM) achievements include signature of several partnering arrangements and relationships established with IBM, EDS, BT, Cap Gemini and Fujitsu ■ Availability contracts signed for Strike platforms, aero-engines and air launched munitions to value of £2.5bn ■ Procurement Reform processes embedded across the Procurement Enabling Service ■ Category Management teams identified where significant savings on individual ranges can be delivered with a high degree of confidence; on line to exceed 05/06 hard target ■ Category Management stretch target for 04/05 exceeded ■ Strike Commodity Availability Procurement Solution (CAPS) study concerning support of sub systems/commodities under Prime Partnered Support (PPS) solutions ■ Strike Combat Aero Engine Support Alignment Study (CAESAS) ■ Chartered Institute of Purchasing and Supply Award for best Public Procurement Project 	<ul style="list-style-type: none"> ■ Defence Industrial Strategy (DIS) implementation targets: ■ Joint partnering team established with BAE Systems Land Systems (May 06) ■ Sustainability strategy for key maritime equipment industrial capabilities (Jun 06) ■ Reach agreement on a Strategic Partnering Arrangement with AgustaWestland (Jul 06) ■ Decision on how best to sustain access to general munitions (Jul 06) ■ Strike Partnered Category management trial with BAE Systems (Jul 06) ■ Submarine supply chain programme level partnering agreement (Dec 06) ■ Agreement reached with BAE Systems regarding the transformation needed to support the RAF's fast jet combat aircraft (Dec 06) ■ Achieved in-year target for category management benefits (Mar 07) ■ Create a repository for the sharing of Best Practice with Industry (Mar 07) ■ Strike Combat Aero Engine Support Alignment Study implementation (Mar 07) ■ Report to Board on the support provided to the Office of Government Commerce Commodities Stakeholder Forum (Mar 07) 	<ul style="list-style-type: none"> ■ Achieve targets for category management benefits (Mar 08/09/10) ■ The DLO meets the applicable objectives set out in the Defence Industrial Strategy ■ Long term strategic relationships with industry partners in place to ensure continuity of supply and performance, with improved effectiveness of the Key Supplier Management initiative ■ Remaining Strike Prime Partnered Support solutions in place ■ Balance of Commodity Availability Procurement Solution implementation ■ Combat Aero Engine Support Alignment Study and Partnered Category Management outcomes ■ The DLO and industry understand the potential for improvement and share the benefits of those improvements ■ MOD makes best use of its buying power in a competitive market place ■ Exploitation of common processes with Prime Contractors ■ The linkage between the Defence Values for Acquisition and the DLO Values is clearly articulated and understood across the organisation

Organisation:

A smaller DLO which is more flexible and responsive to changing Defence needs, working more closely with others in the Defence Acquisition Community

Achievements in 2005/06	Milestones for 2006/07	CSF outcomes and medium term milestones for 2007-11
<ul style="list-style-type: none"> ■ DLO achieved in-year target of Gershon-driven Manpower Control Totals; headcount as at Mar 06 in the region of 19200 civilian and 6000 military staff ■ Enabling service completed first year of operation - streamlined processes, business agreements and relationships developed with delivery layer ■ DLO/DPA Joint Working Strategy issued Sep 05 ■ Disposal Services Agency joined the DLO from the Defence Export Services organisation ■ Medical Supplies Agency disestablished, becoming Medical Supplies (Med S) IPT located at Andover ■ Technical Enabling Services operating as a joint DLO/DPA team ■ Initial arrangements agreed for command and control between HQSTC and DLO with depth support managers established at Marham and Cottesmore ■ Decision taken to implement the Future Defence Supply Chain initiative (FDSCi) 	<ul style="list-style-type: none"> ■ Collocation project IG business case submitted (Apr 06) ■ Technical Enabling Service (TES) to implement unified operation (Apr 06) ■ STC Main Operating Base (MOB) civil servants to be transferred to the DLO, with support managers established at MOBs (Apr 06) ■ Update on progress with implementation of Joint Working Strategy (Oct 06) ■ DLO vision for estate development to be endorsed by the Board (Nov 06) ■ Collocation of staff from Andover to commence (Feb 07) ■ Organisational design review to be completed (Feb 07) ■ Collocation Project MG 1 business case submitted to IAB (Feb 07) ■ Med S IPT and General Stores IPT to merge (Mar 07) ■ Manpower Control Total of 18738 to be achieved (Mar 07) 	<ul style="list-style-type: none"> ■ Collocation Project MG 2 business case submitted to IAB (Jan 08) ■ Manpower Control Total of 16041 achieved (Mar 08) ■ Complete FDSCi restructuring (Apr 09) ■ Firm development of Somerset site to be completed (Nov 09) ■ Staff relocation completed from Andover, Telford, Wyton/Brampton, Caversfield, Yeovilton/Sherborne and Foxhill (Oct 10) ■ Through-life IPTs delivering through life management of military capability ■ Shape and disposition of Decider IPT resources fully defined, with consequent redefinition of the Delivery Layer/Enabling Service relationship ■ There are no organisational barriers to prevent true joint working with the DPA ■ Our physical environment is developed to enable people to work more flexibly. People have embraced new ways of working where and when appropriate ■ Adaptable structure flexibly resourced to meet changing customer needs, with manpower and estate sized to meet those needs and Departmental targets

Annex B

Corporate Categories for Business Planning and Risk Management

A: OBJECTIVE SETTING. For Top Level Budget/Organisation, in conjunction with government and MOD.

B: END-USER AND CUSTOMER AGREEMENTS. With Armed Forces, with Equipment Community, with other Top Level Budgets etc, with International Partners.

C: FUNDING. Normal (in-year, Short Term Plan, Equipment Plan, Non-Equipment Investment Plan), support for Operations and Conflict Prevention, Urgent Operational Requirements, efficiency Improvement.

D: ACQUISITION PROJECT MANAGEMENT. Smart and Dynamic Acquisition; actions to achieve consistent, best practice, integrated and synthesised project and risk management.

E: LOGISTICS OPERATIONS MANAGEMENT. Supporting armed forces operations through improving the readiness cycle, enhanced cost-effective supply chain management, better buying linked with improved customer service.

F: INDUSTRY AND SUPPLIER MANAGEMENT. Identifying and encouraging the availability of the required industrial capacities to secure defence capabilities, assessing and selecting suppliers effectively in relation to the required capabilities, getting the best out of suppliers.

G: R & D. Meeting current needs, in particular supporting the de-risking of projects; preparing for future challenges and opportunities; speculative work.

H: TECHNOLOGY MANAGEMENT. Supporting the key technologies, sourcing information, assessing maturity, integration and software.

I: PEOPLE. Skills required, recruitment, selection, training, incentives, culture, morale, discipline.

J: INFRASTRUCTURE. Developing improved business processes, architecture and procedures, data and information architecture, and management accounting, business planning, structuring support and enabling groups, facilities, business continuity.

K1: SAFETY. Air, Land and Sea Safety; Safety, Health, Environmental and Fire Policy.

K2: SECURITY. Prevention of attacks; prevention of espionage.

L: GOVERNANCE. Adherence to Government Standards, MOD Standards, financial control, asset management, audit, prevention of fraud, embezzlement and corruption, Value for Money, environment, Data Protection and Freedom Of Information.

M: SUPPORT TO OPERATIONS. Current and future support to operations, delivery of outputs.

N: CHANGE. Organisational change, change programmes, new projects, new policies.

O: NUCLEAR. Relating to nuclear activities.

Annex C

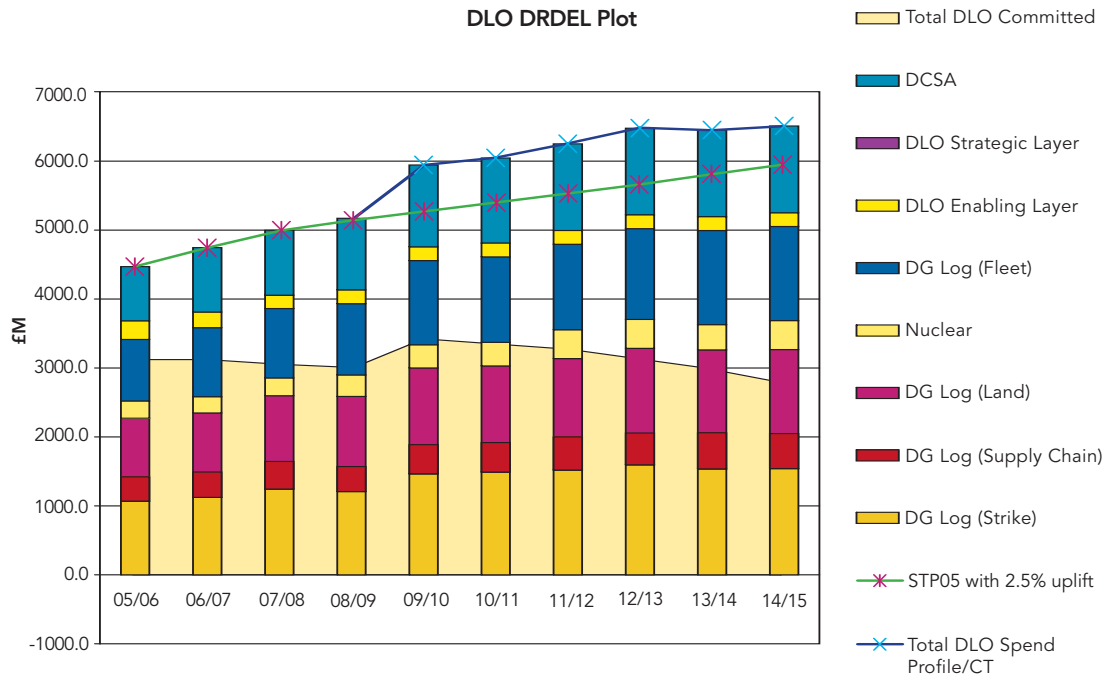
STP05 Resource Control Totals and Projected Year 5 to 10 Costs

05/06 + 06/07 Revised CTs
w.e.f.: 05/06 AP10

YEAR 5 TO 10 PROJECTED COSTS

DIRECT RDEL	STP05 05/06 FINAL	STP05 06/07 FINAL	STP05 07/08 FINAL	STP05 08/09 FINAL	09/10	10/11	11/12	12/13	13/14	14/15
DLO Delivery Layer										
DG Log (Strike)	1083.787	1123.146	1262.246	1228.55	1483.10	1494.80	1546.60	1625.60	1576.20	1571.80
DG Log (Strike) - Committed	893.193	713.281	698.023	633.017	983.74	923.31	916.68	926.50	923.25	925.73
DG Log (Supply Chain)	385.041	381.342	408.682	415.595	432.50	444.70	460.80	471.30	485.00	499.70
DG Log (Supply Chain) - Committed	155.382	222.361	221.510	229.503	231.41	229.53	228.15	157.57	160.77	163.97
DG Log (Land)	797.524	816.066	894.850	936.189	1094.40	1080.00	1129.40	1194.50	1209.50	1207.70
DG Log (Land) - Committed	675.718	531.290	623.539	630.210	678.13	638.63	624.97	621.81	634.35	619.36
Nuclear	245.413	250.428	627.694	297.802	305.80	356.30	419.80	412.90	387.80	417.20
Nuclear - Committed	224.760	230.737	247.432	253.440	266.95	301.75	322.57	337.86	351.34	261.85
DG Log (Fleet)	872.801	980.187	989.991	1022.162	1208.70	1219.10	1217.20	1300.20	1297.00	1329.00
DG Log (Fleet) - Committed	543.248	644.345	650.085	631.005	655.61	642.43	614.34	608.02	526.78	525.02
DLO Enabling Layer	264.647	224.974	209.863	204.525	192.80	193.70	195.50	197.20	204.60	195.80
DLO Enabling Layer - Committed	32.018	31.479	29.656	30.453	31.84	33.29	34.78	36.33	37.57	38.51
DLO Strategic Layer	-1.646	-3.665	-4.684	-5.416	-5.60	-5.60	-5.90	-5.90	-6.10	-6.20
DLO Strategic Layer - Committed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DCSA	783.390	928.591	920.254	1011.566	1195.71	1225.43	1267.69	1280.67	1260.82	1290.58
DCSA - Committed	564.070	721.114	570.625	585.621	559.51	567.67	536.70	430.30	364.30	269.00
Total DLO Spend Profile/CT	4430.958	4703.069	4948.895	5110.978	5907.41	6008.43	6231.09	6476.47	6414.82	6505.58
STP05 with 2.5% uplift	4430.958	4703.069	4948.895	5110.978	5238.76	5369.72	5503.96	5641.56	5782.60	5927.17
Total DLO Committed	3088.388	3094.606	3040.870	2993.249	3407.20	3336.59	3278.18	3118.38	2998.36	2803.44

DLO DRDEL Plot



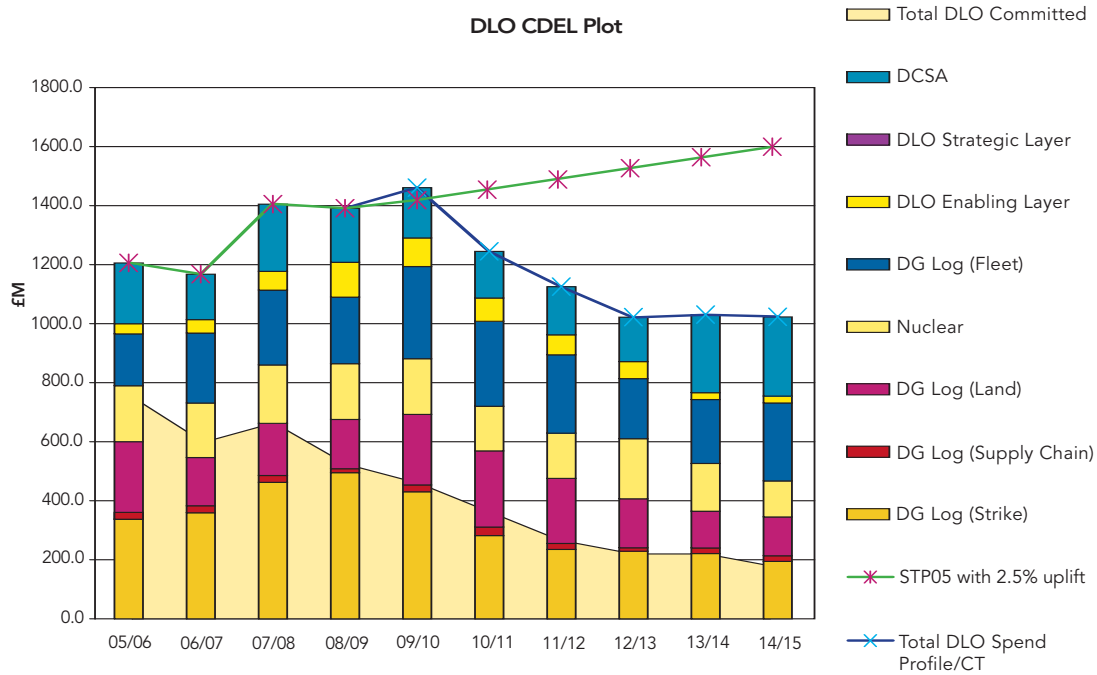
STP05 Resource Control Totals and Projected Year 5 to 10 Costs

05/06 + 06/07 Revised CTs
w.e.f.: 05/06 AP10

YEAR 5 TO 10 PROJECTED COSTS

CAPITAL DEL	STP05 05/06 FINAL	STP05 06/07 FINAL	STP05 07/08 FINAL	STP05 08/09 FINAL	09/10	10/11	11/12	12/13	13/14	14/15
DLO Delivery Layer										
DG Log (Strike)	338.619	359.456	465.726	494.411	431.70	287.30	235.50	230.90	229.40	199.30
DG Log (Strike) - Committed	261.748	207.928	339.799	289.563	266.54	147.83	117.72	101.40	109.40	89.63
DG Log (Supply Chain)	16.334	14.495	15.648	8.393	22.40	20.30	21.90	10.90	11.30	11.70
DG Log (Supply Chain) - Committed	5.726	3.953	3.563	4.032	0.04	0.04	0.04	0.04	0.04	0.04
DG Log (Land)	242.572	172.345	177.042	173.052	240.10	261.00	221.40	169.10	130.80	139.60
DG Log (Land) - Committed	225.213	133.410	97.709	83.480	90.87	105.50	83.35	61.38	64.21	66.81
Nuclear	196.063	189.828	203.372	190.091	190.20	152.30	153.90	205.80	160.20	121.90
Nuclear - Committed	186.760	131.104	100.135	54.962	44.97	31.00	34.16	42.93	32.80	12.76
DG Log (Fleet)	168.092	231.890	254.479	221.950	309.80	287.80	263.40	208.70	217.80	267.70
DG Log (Fleet) - Committed	88.524	121.379	118.511	91.816	60.46	81.27	32.28	17.58	17.41	16.04
DLO Enabling Layer	35.050	44.429	60.324	122.104	98.90	80.90	69.40	52.70	19.40	19.80
DLO Enabling Layer - Committed	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00
DLO Strategic Layer	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00
DLO Strategic Layer - Committed	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	0.00	0.00
DCSA	204.637	153.556	228.086	228.086	169.69	157.74	162.65	147.48	266.36	266.72
DCSA - Committed	3.684	4.500	4.300	4.300	4.20	3.80	3.70	3.70	1.50	1.50
Total DLO Spend Profile/CT	1201.368	1165.999	1404.677	1404.677	1462.79	1247.34	1128.15	1025.58	1034.96	1026.72
STP05 with 2.5% uplift	1201.368	1165.999	1404.677	1404.677	1422.04	1457.59	1494.03	1531.38	1569.67	1608.91
Total DLO Committed	771.655	602.274	664.017	664.017	467.09	369.44	271.26	227.02	225.35	186.78

DLO CDEL Plot

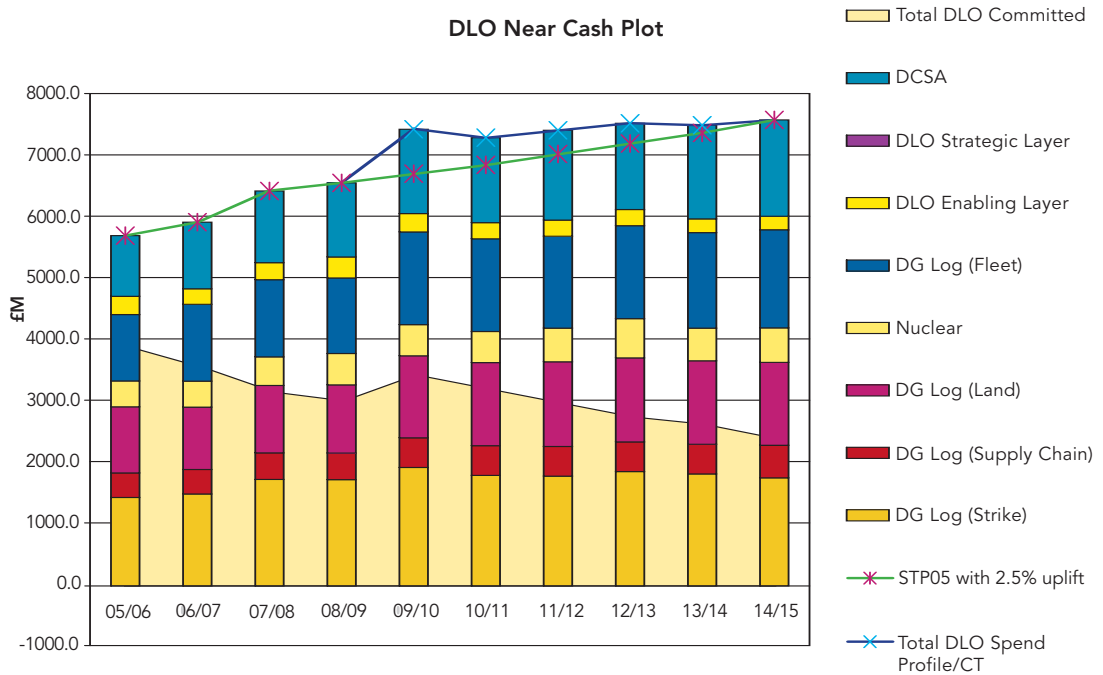


05/06 + 06/07 Revised CTs
w.e.f.: 05/06 AP10

YEAR 5 TO 10 PROJECTED COSTS

NEAR CASH	STP05 05/06 FINAL	STP05 06/07 FINAL	STP05 07/08 FINAL	STP05 08/09 FINAL	09/10	10/11	11/12	12/13	13/14	14/15
DLO Delivery Layer										
DG Log (Strike)	1422.408	1482.604	1723.787	1718.679	1914.80	1782.10	1782.10	1856.50	1805.30	1771.10
DG Log (Strike) - Committed	1106.112	747.339	587.213	519.128	951.46	733.37	665.55	644.06	638.77	622.71
DG Log (Supply Chain)	400.837	395.303	424.916	424.596	454.90	465.00	482.70	482.20	496.30	511.40
DG Log (Supply Chain) - Committed	161.108	220.314	225.073	233.535	231.46	229.56	228.19	157.61	160.81	164.02
DG Log (Land)	1040.044	988.411	1076.089	1113.537	1334.50	1341.00	1350.80	1363.60	1340.30	1347.30
DG Log (Land) - Committed	900.921	664.699	605.248	605.690	612.00	583.12	541.32	525.19	537.56	1528.17
Nuclear	441.477	442.256	471.066	487.892	496.00	508.60	573.70	618.70	548.00	539.10
Nuclear - Committed	411.220	351.281	334.667	291.602	292.12	292.55	308.73	332.78	339.14	233.21
DG Log (Fleet)	1040.889	1212.067	1243.363	1242.970	1518.50	1506.90	1480.60	1508.90	1514.80	1596.70
DG Log (Fleet) - Committed	631.772	765.742	768.596	722.821	716.07	723.69	646.63	625.60	544.19	541.06
DLO Enabling Layer	299.693	269.402	270.183	326.629	291.70	274.60	264.90	249.90	224.00	215.60
DLO Enabling Layer - Committed	32.018	31.479	29.656	30.453	31.84	33.29	34.78	36.33	37.57	38.51
DLO Strategic Layer	-1.645	-3.665	-4.685	-5.416	-5.60	-5.60	-5.90	-5.90	-6.10	-6.20
DLO Strategic Layer - Committed	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00	1527.00	0.00
DCSA	988.023	1082.143	1148.333	1188.915	1365.40	1383.17	1430.35	1428.15	1527.17	1557.30
DCSA - Committed	567.754	725.614	574.925	590.221	563.71	571.47	540.40	434.00	365.80	270.50
Total DLO Spend Profile/CT	5631.728	5868.521	6353.051	6497.802	7370.20	7255.77	7359.25	7502.05	7449.77	7532.30
STP05 with 2.5% uplift	5631.728	5868.521	6353.051	6497.802	6660.25	6826.75	6997.42	7172.36	7351.67	7535.46
Total DLO Committed	3512.450	602.274	3125.378	2993.451	3398.67	3167.05	2965.60	2755.56	2623.83	2398.17

DLO Near Cash Plot



Annex D

DLO Balanced Scorecard for 06/07

Objective		2* Owner and 1* Reporter	Measure	Target	Corporate Category (Annex B)
DLO	DMB				
C. Customer and Outputs			(What we deliver to our Customers)		
C1 Deliver Logistic Support to Operations	A K1	Domain 2-Stars D Log RP	C1.1 Deliver Logistic Support to current and planned Operations	Based on Joint Capability input to the DMB BSC. (exact targets tbc).	A B E M
			C1.2 Deliver Logistic Support for Funded levels of Readiness (Rx)	Fewer than 4 DLO CSA Outputs reporting Amber or Red (this equates to the DMB 06/07 target of 98.5%)	A B E M
R. Finance and Resources Management			(The efficient use of resources, incl. money, people and estate)		
R1 Deliver agreed Outputs within Resource Control Totals (RCTs)	E1	Domain 2-stars D Log RP	R1.1 In Year Performance against RCTs	% variance: Resource Departmental Expenditure Limit (RDEL): <ul style="list-style-type: none"> ■ Direct <=1% ■ Indirect <=2%Capital Capital Departmental Expenditure Limit (CDEL): <=1%	B C
R2 Negotiate DLO Efficiency Targets with the Centre, monitoring their delivery through DLTP	E2	DG Log Res D Log RP D Prog	R2.1 DLO SR04 targets	£776M (tbc)	A L N
R3 Ensure the DLO is appropriately staffed		DGAP D2PTL	R3.1 Skills gap	50% of post and personal profiles to have been entered onto HRMS by 31 March 07	I
			R3.2 Measurement of established versus filled posts	Vacant civilian and military posts in the DLO to be 6% or lower	I
			R3.3 Action plans in place to address skills gap	100% by 31 March 07	I
R4 Enhance our reputation with customers		DGAP D2PTL	R4.1 Satisfaction Survey of Customer TLBs against Delivery and Service Delivery	75%	L

DLO Balanced Scorecard for 06/07

Objective		2* Owner and 1* Reporter	Measure	Target	Corporate Category (Annex B)
DLO	DMB				
P. Internal Processes/Activities			(The effectiveness of the existing organisation)		
P1					
Apply Departmental BMS to ensure effective, efficient and strong governance					
P1.1 Comply with S of S Safety, Health, environment and Fire Policy statement with respect to Statutory compliance or equivalence where maintenance of operational capability dictates otherwise		DG Log (Res) DLISS	P1.1.1 Appropriate Organisation & Arrangements (O&A) statements are in place.	100%	K1 L
			P1.1.2 Audit/ Verification Programme is being carried out.	100%	
			P1.1.3 Risk Recording and Mitigation carried out	100%	
			P1.1.4 Shortfalls in the DLO management system have agreed rectification plans in place	No rectification actions outstanding against agreed programme	
			P1.1.5 Numbers of serious accidents, incidents or avoidable operational restrictions	Nil accidents/incidents or operational restrictions	
			P1.1.6 Number of Crown Notices, Statutory Notices or Crown Censures	Nil	
P1.2 Provide and maintain a safe and secure estate optimised to support DLO outputs		DG Log (Res) DLISS	P1.2.1 Condition of estate measured against MOD standards	Meet 100% targets of the DLO/Defence Estates CSA	K1 K2 L J
			P1.2.2 Maintenance of Security within the DLO estate to the appropriate standard:-		
			P1.2.2.1 Number of serious incidents resulting from a failure to implement approved security measures and advice	No serious incidents	
			P1.2.2.2 Number of security risks identified and effectively managed	No unmitigated security risks	
P1.3 Provide timely, informed and comprehensive advice to ministers on DLO issues		DCDL D Sec	P1.3.1 Effective management of ministerial correspondence (MC) and parliamentary questions (PQs)	1. 90% of MC drafts submitted within target date 2. 100% draft answers to PQs submitted by the date negotiated with Parliamentary Branch and are fit for purpose	L

Objective		2* Owner and 1* Reporter	Measure	Target	Corporate Category (Annex B)
DLO	DMB				
P. Internal Processes/Activities			(The effectiveness of the existing organisation)		
P1.4 Governance of DLO Business Risks		DCDL D Sec	P1.4.1 The % of Defence Internal Audit and DLO Assurance Team audits reporting 'no assurance' or 'limited assurance'	No audits reporting 'no assurance' and less than 10% of audits reporting 'limited assurance'	L
F. Investing for the Future			(What development is needed to shape the organisation for the future)		
F1 06/07 Progress and achievement against DLO Critical Success Factors (CSFs):		DCDL D Strat	Collective progress against CSFs	Key milestones achieved across the CSF programmes, with less than three months slippage, and positive subjective assessment by D Strat (based on individual assessments by CSF Champions/Action Managers) that the collective rate of progress is satisfactory.	
F1.1 CSF Customer		DCDL D Log RP	Achievement of key milestones. See DLO Plan Annex A	Key milestones achieved with less than three months slippage.	A B E N
F1.2 CSF People		DGAP D2PT	Achievement of key milestones. See DLO Plan Annex A	Key milestones achieved with less than three months slippage.	I N
F1.3 CSF Performance		DGAP D2PT	Achievement of key milestones. See DLO Plan Annex A	Key milestones achieved with less than three months slippage.	L N
F1.4 CSF Logistics Transformation		DG DLT D Prog	Achievement of key milestones. See DLO Plan Annex A	Progress against this CSF to be reported to the DLO Board via the DLTB report	D E G H J N
F1.5 CSF Industry		DG Log Proc D Log Proc support	Achievement of key milestones. See DLO Plan Annex A	Key milestones achieved with less than three months slippage.	F G N
F1.6 CSF Organisation	N2	DCDL RTL	Achievement of key milestones. See DLO Plan Annex A	Key milestones achieved with less than three months slippage.	I J L N

Annex E

DLO Top Level Risks

RISK ¹⁷	DESCRIPTION	CORPORATE CATEGORY	OWNER
Support to Current Operations:	1. DLO fails to support current Operations 2. DLO is sacrificing future capability to support current Operations	B	DCDL
Support to Future Operations:	1. DLO fails to support future Operations; 2. DLO fails to determine and manage the unfunded gap from the funded level [FL] to the total funded requirement [TFR] and beyond to the total logistic requirement [TLR]	E	ACDS Log Ops
Funding:	DLO cannot deliver required output within available funding.	C/B	DG Log Res
People:	DLO has insufficient, unmotivated and an inadequately skilled workforce.	I	DG AP
Technology management:	IS Systems not available where and when required.	H	DCDL
Industry/Supplier Management:	Industry may not have the capability or capacity to meet requirements.	F	DG Log Proc
Governance:	DLO has an inadequate or ineffective internal management control framework.	L	DCDL
Change:	Transformation does not deliver the efficiency & effectiveness benefits expected.	J	DG DLT
Security:	Terrorist attack and/or protestor demonstration against DLO facilities, assets and personnel.	K	DG Log Res
Safety:	Failure of the Safety Management System.	K	DG Log Res
Environment:	DLO has a negative impact on the Environment.	K	DG Log Res
Acquisition Project Management:	Bowman; unmitigated issues will impact on support and delivery of military capability.	D	CE DCSA

¹⁷ <http://defenceintranet.dir.web.r.mil.uk/DefenceIntranet/ApplicationsAndTools/BrowseApplicationsAndToolCategories/ManagementAndCommunication/DloRiskRegisterTool.htm>

Glossary of terms and abbreviations

AA	Approving Authority
ACDS	Assistant Chief of Defence Staff
AP	Acquisition People
ATTAC	Availability Transformation Tornado Aircraft Contract
BBTFM	Bath-Bristol Total Facilities Management
BFPO	British Forces Post Office
BLB	Basic Level Budget - Lowest level of budget recognised for allocating MOD Budget Codes.
BMS	Business Management System
BSC	Balanced Score Card
CAESAS	Combat Aero Engine Support Alignment Study
CAPS	Commodity Availability Procurement Solution
CDL	Chief of Defence Logistics
CDP	Chief of Defence Procurement
CDS	Chief of Defence Staff
CE	Chief Executive
CIS	Communications and Information Systems
CONVIS	Consignment Visibility
CSA	Customer Supplier Agreement - Agreement between the DLO and Top Level Budget Holders which sets out the agreed level of DLO support and sustainability outputs, and the Resource Control Totals within which they are to be delivered.
CSFs	Critical Success Factors - Essential areas that need to be prosecuted in order to deliver the Logistics transformation as articulated in the DLO Strategic Plan
CTO	Chief Technology Officer
CV(F)	Carrier Vessel (Future)

Glossary of terms and abbreviations

CVS	Carrier Vertical Strike
DARA	Defence Aviation Repair Agency
DCDL	Deputy Chief of Defence Logistics
DCSA	Defence Communication Services Agency
DCE	Deputy Chief Executive
D2PT	DLO/DPA People Team
DE	Defence Estates
DG	Director General
DIS	Defence Industrial Strategy
DLIB	Defence Logistics Investment Board
DLISS	Director Logistics, Infrastructure, Safety and Security
DLO	Defence Logistics Organisation
DLT/DLTP	Defence Logistics Transformation / DLT Programme
DMB	Defence Management Board - The senior management committee of the MOD, chaired by PUS and comprising CDS, the three Chiefs of Staff, VCDS, CDP, CDL, Chief Scientific Adviser and 2nd PUS, which is charged with reviewing and monitoring the financial elements of the Defence Programme and with oversight of the Department's management strategy.
DP	Departmental Plan
DPA	Defence Procurement Agency - The MOD Agency responsible for the procurement of new equipment for the Armed Forces.
DPAs	Defence Planning Assumptions - Scale and concurrency of operations that the Department should strive to be prepared to meet.
DSDA	Defence Storage and Distribution Agency
E2E	End to end - Span of the complete Logistics process. At one end, the point at which logistic support is used by the front line, or our other customers. At the other end, the point at which components of logistic support are created by industry.

EMS	Environmental Management System
EP	Equipment Plan
ES	Enabling Services
EW	Electronic Warfare
FBG	Future Business Group
FDSCi	Future Defence Supply Chain initiative
FLC	Front Line Command
FIST	Future Infantry Soldier Technology
FOC	Full Operating Capability
FMSG	Finance Management Support Group
FRES	Future Rapid Effects System
FSTA	Future Strategic Tanker Aircraft
HR	Human Resources
HRMS	Human Resources Management System
IAB	Investment Appraisal Board
IBAs	Internal Business Agreements
IDP	Infrastructure Development Plan
IG	Initial Gate
IIP	Investors in People
IMOS	Integrated Merlin Operating System
IPT	Integrated Project Team - Team responsible for managing a project from Concept to Disposal, incorporating personnel with the skills necessary to manage the project.

Glossary of terms and abbreviations

IOC	Initial Operating Capability
IS	Information Systems
ISD	In Service Date
ISG	Information Systems Group
IT	Information Technology
JAMES	Joint Asset Management and Engineering Solutions
JASS	Joint Availability Support Solution
JPA	Joint Personnel Administration
JSP	Joint Service Publication
Log	Logistics
L/P2*	Line and Performance Management Two-Star
LSCIT	Lean Support Continuous Improvement Team
LSDA	Landing Ship Dock Auxiliary
L/R	Landrover
MARS	Military Afloat Reach and Sustainability
MASS	Munitions Acquisition the Supply Solution
MC	Ministerial Correspondence
MCMV	Mine Counter Measures Vessel
MG	Main Gate
Min (DP)	Minister (Defence Procurement)
MJDI	Management of the Joint Deployed Inventory
MMIT	Management of Materiel in Transit

MOB	Main Operating Base
MOD	Ministry of Defence
NBC	Naval Base Commander
NEC	Networked enabled capability - Ability to deliver precise and decisive military effects with speed and accuracy through linking sensors, data fusion and weapon systems.
NED	Non Executive Director
NLAW	New Light Anti-armour Weapon
NSQEP	Nuclear Suitably Qualified and Experienced Personnel
NW	North West
Nuc	Nuclear
OED	Operational Evaluation Demonstration
Ops	Operations
OPV	Offshore Patrol Vessel
OPV(H)	Offshore Patrol Vessel (Helicopter)
OSD	Out of Service Date
PEP	Priming Equipment Pack
PFHC	People Factor Health Check
PJHQ	Permanent Joint Headquarters
PMS	Project Management System
PPPA	People, Pay and Pensions Agency
PPS	Prime Partnered Support
PR&A	Project Review and Assurance
Proc	Procurement

Glossary of terms and abbreviations

Prog	Programmes
PUS	Permanent Under Secretary
RAF	Royal Air Force
RCM	Reliability Centred Maintenance
RCT	Resource Control Total - The level of resource consumption to which budget holders are limited in delivering agreed levels of output.
R/CTL	Relocation/Collocation Team Leader
Res	Resources
ROCET	RB199 Operational Contract for Engine Transformation
RTL	Restructuring Team Leader
RP	Resources and Plans
SC	Supply Chain
SDA	Service Delivery Agreement
SHEF	Safety, Health Environment and Fire
SKIOS	Sea King Integrated Operating System
SOM	Support Options Matrix
Sp	Support
SSE	Support Solutions Envelope
STP	Short Term Plan - Represents the Department's Programme in Financial Terms, by TLB, over four years based on the resources allocated through the Government's biennial Spending Review process.
Tech Dir	Technical Director
TES	Technical Enabling Services
TLB	Top Level Budgets - The highest level aggregation of MOD Management Grouping Budgets allocated to 11 Budget holders.

TLCS	Through Life Customer Support
TLM/P	Through Life Management/Plan
UK	United Kingdom
VITAL	Visibility in Transit Asset Logging
WFM	Whole Fleet Management
WSMi	Warship Support Modernisation initiative

Change Programme - Programme to transform the DLO by achieving better value for money whilst delivering support to the Front Line that is at least equal to that currently available.

Cluster - A group of IPTs brought together under a Cluster Leader in order to exploit potential synergy in: delivery to a common FLC customer, contribution to a common Equipment Capability (e.g. Above Water Battlespace, Direct Battlefield Engagement, Theatre Airspace), management of a common industry supplier, or a common technology.

Concurrency Levels - Measure of commitment of forces, used to plan force and sustainability requirements - expressed in number and size of current operations to which forces committed.

Critical Success Factors - Essential areas that need to be prosecuted in order to deliver the Logistics transformation as articulated in the DLO Strategic Plan

Defence Management Board - The senior management committee of the MOD, chaired by PUS and comprising CDS, the three Chiefs of Staff, VCDS, CDP, CDL, CSA and 2nd PUS, which is charged with reviewing and monitoring the financial elements of the Defence Programme and with oversight of the Department's management strategy.

Defence Procurement Agency - The MOD Agency responsible for the procurement of new equipment for the Armed Forces.

Defence Planning Assumptions - Scale and concurrency of operations that the Department should strive to be prepared to meet.

Equipment Capability Customer - MOD department responsible for specifying the capability of future equipments, and upgrades to In Service equipment that reflect a change to the user's requirement.

Expeditionary operations - Operation of armed forces away from their established bases.

Force Generation - Process of increasing Operational Readiness of Force Elements to level of at which they are prepared for their operational tasks: at war establishments of personnel and equipment, trained for those tasks and supported by appropriate stocks.

Glossary of terms and abbreviations

Higher Level Budget - The middle level of budget recognised for allocating MOD Budget Codes.

Intelligent Customer - A person or organisation able to articulate clearly to a Supplier, the goods or services they require (to support their own outputs), and to measure, analyse and report their delivery against an agreed and funded requirement (in CSAs) and with the help of the Supplier, be able to priorities, in terms of Cost/Benefit/Time/ Performance, the delivery of those goods and services for the available resources.

Intelligent Supplier - A person or organisation who is able to understand the requirements of their customers and to be able to decide how best to deliver those goods or services business plan 2004 - 05 35 (outputs) in the most efficient and effective way without impacting upon the delivery of the Customer's outputs, and able to support the Customer in prioritising, in terms of Cost/Benefit/Time/Performance, the delivery of those goods and services for the available resources.

In Year Management - In Year Management (IYM) refers to the process by which Budget Holders manage their activities, and consequently their resources, to ensure they do not exceed their approval/ agreed Resource Control Totals.

Key Supplier Management - Process for improving performance of industrial suppliers, allowing MOD to assess supplier performance, and to better match its requirements to the capacity and capability of industry to deliver.

Output Management - Ability to measure and forecast output performance and related costs, in order to optimise Defence wide logistic decisions and meet agreed customer requirements in support of the delivery of military capability.

Peacetime Standing Tasks - Long standing funded commitments of UK forces to British overseas territories, alliances or partners, which safeguard UK interests overseas and the promote UK influence.

Peacetime Readiness - The funded level of readiness of force elements. Measured by time within which a unit can be made Ready for operations at the appropriate location - its normal peacetime base (or current location for ships already at sea).

Process owner - Individual assigned responsibility and authority by the Defence Management Board for the performance of a departmental process. In the case of the Logistics process, CDL has been assigned the process owner role.

Risk Management - A continuous cycle of identifying, assessing, managing and reporting risks, while also reviewing the control strategies in place to deal with them in order to achieve corporate objectives.

Through Life Support/Management - The management of an equipment's logistic support aspects throughout the acquisition cycle - from concept to disposal. These are detailed within the project's Through Life Management Plan.

Whole life costs - Total resource needed to assemble, equip, sustain, operate and dispose of a specified capability. This is costed on a continuous basis of forecasting, recording and monitoring costs throughout the life of an equipment.

Defence Logistics Organisation **The 2006 Plan**

