

## Restructuring

The DLO is part way through a major restructuring programme, which is aimed at improving the efficiency and effectiveness of the organisation. The first phase of restructuring concentrated mainly on making the enabling layer more effective. The second phase, which began in April 2005, will embed the changes to date and improve effectiveness across the whole organisation in order to deliver equipment better to the armed forces.

Restructuring will contribute to the DLO achieving its share of the Departmental efficiency savings.

## Collocation

Work is in hand to assess the feasibility and potential benefits of collocating additional parts of the DLO with the DPA in the Bristol/Bath area to create an acquisition hub. This would enable the achievement of significant business benefits in terms of improved decision-making and better through life management of defence equipment. The collocation project is seeking initial gate approval in spring 2006. The team has been developing site specific solutions, supported by studies into flexible ways of working and sustainability in order to assess the economic, social and environmental impact of moves. It is anticipated that a decision in principle will be made in spring 2006 and then a period of formal Trades Unions consultation will be undertaken before any firm decisions are made.



## Procurement Reform

Procurement Reform is a separate but integral part of the Defence Logistics Transformation Programme, focusing specifically on industry where the DLO spends about 80 per cent of its money. Over 30 market-facing Category Management Teams have been set up to support IPTs in addressing areas of spend and identifying savings and improvements. For some categories the scope extends into the rest of the department to establish a more corporate approach to procurement across MOD. Over £92 million cash savings have so far been achieved.

## DLO/DPA Joint Working

Joint Working is intended to improve the way the DLO and DPA work together. The aim is to harmonise processes and minimise burden on the delivering and enabling groups, ensuring that we work efficiently and minimise duplications of effort. It is about reducing burden, increasing efficiency and improving coherence for IPTs and enabling services, and aligning strategic direction.

## Defence Industrial Strategy

The Defence Industrial Strategy (DIS) follows and enforces the Defence Industrial Policy and 'the need to provide the armed forces with the equipment which they require, on time, and at best value for money for the taxpayer'. It is having a significant bearing on how the DLO conducts its business. It requires:

Focus on through life capability management, developing how support is to be applied through life and how incremental acquisition is used to maintain capability at the cutting edge of technology.

Identification of appropriate sovereign capability to be maintained.

A clear understanding of the impact of procurement strategies on industry's capability, at both supplier and sector levels, current and future.

Transparency with industry to shape medium and long term strategic decisions and to create partnering agreements. These arrangements will be used to underpin and demonstrate value for money for defence, with competition still being used where it is appropriate.

Identification and development of the right skills and shared values to enable the acquisition community to deliver the most effective solutions.

## Defence Logistic Programme

Our armed forces must be capable of responding to a complex variety of threats worldwide. Logistics support also has to change to keep pace with demands around the operational planning cycle. CDL was appointed as departmental process owner for logistics by the Defence Management Board in 2004 to ensure coherence in responding to this requirement.

Supported by the Defence Logistics Board (DLB), whose members include front line commanders and representatives of MOD Centre, CDL's 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. CDL intends that:

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

The logistics changes required to meet this intent, which cross organisational boundaries, are contained in the Defence Logistics Programme launched in April 2006. This sets out the strategic direction for logistics, allows the DLB to manage the performance of logistics now, provides an assessment of areas in which defence logistics must move forward over the next 15 years, and develops a programme for the next five years. Specific changes required of the DLO will feed into future developments of the DLO's Critical Success Factors.