BLUEPRINT: The Future Operating Model

Defence Equipment & Support

MINISTRY OF DEFENCE
About this document

The Blueprint is one of a suite of documents that describe how DE&S plans to optimise its support to current and future operations, as described in the Service Delivery Agreement with MOD Head Office and the Joint Business Agreements with the Front Line Commands. Each of these documents can be read independently, but may best be understood in the broader context that, together, they provide. The documents are:

DE&S Business Strategy: Provides the vision for the why we need to change and what the Board’s priorities are

DE&S Blueprint: Describes our destination point – what we will look like

DE&S Change Framework: Explains how the change activities will be managed coherently

DE&S Change Mandates: Designate who will be leading the changes

DG Business Plans: Describe where the changes will apply

PACE Programme Plan: Shows when we will make the changes
Foreword by Chief Defence Materiel

DE&S was created with the following mission:

“To equip and support our armed forces for operations now and in the future”

The creation of DE&S was always seen as an opportunity. An opportunity to build on the best features of DPA and DLO, but more importantly to optimise the way the front line gets the capability it needs – now and in the future – at an affordable cost to Defence and the taxpayer.

The initial operating model for the organisation was defined in the DE&S White Paper\(^1\) and a ‘fit for purpose’ organisation successfully launched on 2 April 2007. Since then work has been underway to consider how to improve the organisation to deliver its mission and achieve the targets set out in our Business Strategy, while identifying opportunities to make improvements in effectiveness to deliver best value for Defence. That work highlighted the need to bring together our change efforts to ensure that the resource committed to business transformation is focussed and clearly directed to deliver.

PACE – performance, agility, confidence and efficiency – is the single change framework which will ensure coherence in our transformation plans and minimise the bureaucratic overhead often associated with change programmes. This is not change for change’s sake. PACE will deliver effectiveness. It will help us to be more effective by enabling people to do their job better; it will enable us to seize the opportunity that the creation of DE&S provided; and, most importantly, it will mean we will be ever more effective in supporting the front line in particular, and Defence as a whole.

This Blueprint sets out the future operating model for DE&S in line with the strategic direction set by the Business Strategy. It provides the headmark for the PACE programme, which sets out our change plans for how we will deliver the future operating model. As explained on page (i) the Blueprint is one of a suite of documents that together describe the why, what, when, where and how of the future development of DE&S.

A summary of the key features of the future operating model is set out on page (iii). It is not all new: indeed in some instances we see little need to change from where we are today. For example, the high-level business model remains valid with the three pillars of Chief Operating Officer, Chief Corporate Services and the Chiefs of Materiel already making a real difference to the through life management of equipment and support to our Armed Forces. In other areas we have decided how we want to develop the organisation and are putting plans in place to implement this. Many of these changes will take place over the next financial year, but in some cases it will take a number of years to deliver the new processes and organisation that Defence needs. So, we must not think that everything is wrong nor that, where change is needed, the next year will see the job done. Instead we must work together to embed the changes over the coming years, and continue to find even more ways to improve how we do business to meet the inevitable challenges that will arise.

CDM

January 2008

\(^1\) Establishing an integrated defence procurement and support organization, January 2007.
DE&S Future Operating Model – Key Principles

**Optimising the Organisation**

- An organisation with an enhanced reputation amongst its stakeholders, respected for its role in delivering effective equipment and support to the Armed Forces.
- A light but effective governance framework that enables collective effort to deliver required performance results.
- **DE&S** DG areas become key operating centres for organisation, with delegations, resources and flexibilities needed to deliver the outputs they are accountable for;
- A changed boundary between **DE&S** and industry, with less “shadowing”, more joint working, long-term partnering, service procurement and alliancing that harnesses the capability of the defence industrial base;
- A clear focus on “time to market” - shortened acquisition times and improved agility and responsiveness;

**Enabling the Business**

- More flexible means to deploy staff within and, as appropriate across, DG operating centres.
- The resourcing and tasking of corporate services on a demand-led basis;
- Simplified processes, with overlap and inefficiency driven out and supported by effective Management Information and Knowledge Management systems;

**Developing the Workforce**

- People who feel motivated to perform and who are judged on the effectiveness of what they deliver;
- Fewer, more highly skilled people, with the opportunity to further develop their abilities throughout their career;
- **DE&S** is considered an exciting and rewarding place to work, where people feel proud of what they contribute to front line capability.
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Section 1 - Defining the Blueprint

The Background of Change

PACE is the next step in a series of business improvement programmes that have sought to improve the way MOD acquires and supports equipment. These followed on from and sought to reinforce the principles introduced under Smart Acquisition.

Before the establishment of DE&S, both the DLO and DPA were engaged in programmes designed to improve their delivery of outputs to the front line, their working with industry and their internal governance. All of these themes, and more, were subsequently brought together with the publication in 2005 of the Defence Industrial Strategy (DIS). The DIS sought to establish a new basis for working with industry and as part of this launched a review of the way acquisition worked in MOD. That review, and the Defence Acquisition Change Programme (DACP) that resulted from it, proposed the establishment of a new integrated procurement and support organisation – which became DE&S – and also clarified the roles and responsibilities of all stakeholders in Defence acquisition.

The programme to establish DE&S was designed in four phases: the first three phases established principles of operation and an organisational design that would be “fit-for-purpose” at launch in April 2007. The fourth phase of the merger was a post-launch, business-led review of the new organisation aimed at optimising way we equip and support our Armed Forces. The work resulted in the DE&S Future Options report, which reinforced the appropriateness of the high-level business model with which DE&S was launched, but proposed a number of better ways of working internally and with external stakeholders.

This ‘Blueprint’ brings those proposals together with the good things that we are doing already to illustrate what DE&S should look like as a business and as an employer. Thus it represents an aspirational goal for the organisation to achieve over the next few years. How we will get there is through PACE.

Drivers for PACE

PACE remains an integral part of the DACP. That programme has a set of specific objectives to achieve by 2009. DE&S has an important contribution to make to all DACP objectives and workstreams, and successful delivery of PACE requires supporting improvements across other elements of the acquisition community.
Specific DACP objectives for 2009

- Better costing & forecasting; more focus on in-service support costs
- Less disruption and delay to programme
- More responsiveness to operational needs & changing requirements
- More systematic application of TLCM
- Willingness to take difficult decisions

Significantly (50%) shorter acquisition cycle time – reducing time from “decision to effect”

- Applying lessons from UORs
- Alternative, more incremental approaches to acquisition
- Greater emphasis on open system architecture, technology insertion
- Process streamlining; applying AOF disciplines

Reduced cost of doing business – for both MoD and Industry

- Stronger focus on value of time
- Reduced cycle time
- Reduction in MOD and industry overheads

More effective delivery

- Further transformation of DE&S
- Greater empowerment and accountability
- Better use of staff; higher skills levels
- Changing culture and behaviours – “Team Defence”
- Partnering best practice; more effective commercial arrangements

Industrial transformation

- Industrial capacity that meets current and futures needs of Defence
- DIS sector transformational milestones
- Greater Defence Industry efficiency

The DE&S Business Strategy provides the strategic vision and framework for PACE. The future operating model will enable the organisation to achieve the Strategic Objectives of the DE&S Business Strategy and the underpinning priorities for the Main Board.

DE&S Strategic Objectives

- **SO1**: Support and sustain equipment and deliver logistics throughout the Operational Planning Cycle with the agility and responsiveness required by the Front Line Commands and PJHQ, exploiting the benefits of an End-to-End approach
- **SO2**: Develop and sustain a highly professional and motivated workforce characterised by strong leadership and a commitment to performance management and skills development in support of business needs
- **SO3**: Excel in managing through life a portfolio of complex projects related to new and existing equipment assets in a way that demonstrates commercial best practice and outstanding technology management
- **SO4**: Develop a strong and enduring relationship with industry that can unlock the potential of the industrial supply chain to optimise the provision of through life capability for defence
- **SO5**: Embed a culture of continuous improvement of effectiveness, efficiency, sustainable development and safety across acquisition and logistics support, working on the basis of mutual understanding and trust with the Sponsor, User, suppliers and other stakeholders

Main Board Priorities

- Core outputs, delivering our Mission and achieving our Strategic Objectives
- Delivering effectiveness through PACE to enable us to improve the way we do business
- Strengthening our role as part of “Team Defence”
- Continuous Development
Why “Blueprint”?  
The Blueprint sets out the future operating model for DE&S, describing how the organisation will operate, ‘look’ and ‘feel’. It provides:

- a key tool for the DE&S Main Board to test and drive the development of the organisation.
- a path for change for people within DE&S.
- the means to inform the wider Defence community of the DE&S intended ‘direction of travel’.
- a context for assessing internal and external change dependencies.

The Blueprint looks at the business from three contexts, and is structured around these aspects:

**DE&S Blueprint Structure**

![Diagram of Blueprint Structure]

**Delivering Outcomes**

The ultimate outcome of PACE will be a more effective organisation, capable of achieving its mission and making its contribution to the Defence acquisition agenda. The following outcomes describe what this would look like:

- **Performance** – we will deliver results through benchmarked processes operated by highly skilled people.
- **Agility** – we will respond rapidly to Sponsor and User priorities, formulating innovative equipment and support solutions to deliver through life capability, and with a real focus on ‘time to market’
- **Confidence** – the Armed Forces will be confident at we will deliver the right equipment, support and logistics fit-for-purpose, at the right time and in the right place; the public will
be confident that when the Armed forces are deployed on operations they have the best equipment and that we spend taxpayers’ money responsibly; industry will be confident that, with greater commercial astuteness, we deliver our part of the Defence Industrial Strategy; and our workforce will be confident that we value and develop their skills, offer challenging jobs and reward good performance

- **Efficiency** – we will deliver our outputs at best value for the Government's Defence investment, within resource allocations.

**Maintaining Coherence**

PACE will be a federated programme. Operating centres across the organisation are accountable for planning, managing and delivering the change necessary in their respective areas. DG Change will ensure that the benefits and coherence required by the business is delivered, will provide the overall programme and will test and roll-out key cross-cutting enablers for change.

The overall framework for PACE will connect the Business Strategy to corporate and local delivery plans. A high-level view of the main initiatives which will help to deliver the Blueprint is set out at the Annex.
Section 2 – Optimising the Organisation

In this Section –

- Relationships & interfaces
- Business capabilities
- Key roles
- Governance framework
- Managing performance
- Managing safety
- Managing risk

Relationships & Interfaces

DE&S is part of the MOD ‘Unified Customer’, working with others to translate industrial capacity into effective military capability to conduct and support operations, merging equipment and support provision with the other Defence Lines of Development. Fundamental to the success of the MOD Unified Customer is that participants exercise shared ownership for Through Life Capability Management decisions, whilst retaining clear responsibility for delivery of business activities within the Defence acquisition process.

- **Sponsor** – Deputy Chief Defence Staff (Equipment Capability) – leads Through Life Capability Management, including commissioning DE&S to deliver an Equipment & Support Plan over the long term (10 years). The Sponsor programmes the costs of new equipment and associated support in years 1-10 and support for in-service equipment in years 5-10. The main effort of DECs moves, therefore, from supervision of DE&S projects to planning and managing through life capability.

- **User** – the single Service Chiefs of Staff and Front Line Commands – is responsible for programming the support of in-service equipment and delivery of commodities (e.g. fuel) and services (e.g. strategic communications) supplied by DE&S over the short term (4 years). The User is also responsible for merging Defence Lines of Development into effective military capability within a specific Service domain, and bringing a greater awareness of the opportunities and limitations of in-service equipment and support. The User also has an independent assurance role at Main Gate, assessing whether the proposed solution can be delivered as an effective and integrated military capability at an In Service Date.

- **MOD Centre** – the central finance staff – generates Resource Control Totals for the Sponsor and the User, and programme Operating Costs for DE&S. The RP divisions also input central planning guidance and resource constraints to Through Life Capability Management decision-making and take impacts and opportunities for non-equipment Defence Lines of Development to the relevant owner for consideration or action, where these are beyond the User’s authority.

- **Science, Innovation & Technology** community – supports decision making, investigates and tests proposals, advises on the technical “art of the possible” and encourages innovation. DE&S interface with SIT is key to making sure that capability solutions fully exploit and pull-through technology opportunities.

- **Industry** - DE&S Clusters are the primary MOD point of engagement for Industry. Working under the strategic direction of the Defence Commercial Director to establish effective business arrangements with industry, DE&S will be commercially robust but flexible and fair. Through greater transparency and closer working with industry, DE&S will play its part in managing defence industrial capacity to meet the demands of Through
Life Capability Management. And, through a better understanding of the industrial supply chain, DE&S will explore a broader range of commercial approaches that deliver continued value for money.

As part of the MOD Unified Customer, DE&S will deliver the Equipment & Support Plan, programmed by the Sponsor and User, and manage in-year resources to meet funded Customer Supplier/Joint Business Agreements. DE&S will also be responsible for providing advice on industrial and commercial opportunities and constraints (e.g. Defence Industrial Strategy implementation, key supplier management issues, supply chain management, partnership or international collaboration, synergies with existing equipments and in-service support solutions, application of acquisition strategies and safety management).

Business Capabilities

DE&S will need to excel in key areas of business capability to achieve its mission. The following key business capabilities have been defined for DE&S:

- **Managing the Market** – Assessing and shaping market capability and competence. Placing contracts to deliver equipment and support solutions.
- **Formulating Solutions** – Analysing the stated capability need, market capability, and technology maturity and presenting solutions with financial, commercial, risks and other factors clearly and accurately described.
- **Managing Delivery** – Planning and managing projects, services and assets to ensure that equipment and support capability is delivered, and is sustained around the readiness cycle and through life.
- **Accounting for Decisions** – Providing the assurance and governance which determine that decisions on spending, safety, performance etc meet Departmental needs.
- **Running the Business** – Managing process, people, finance, information, infrastructure etc effectively and efficiently.
- **Shaping the Context** – Understanding the requirement, shaping the customer’s Concept of Use, forward plans and deployment options, through understanding of internal and market opportunities.
Each business capability area will be owned by a member of the DE&S Main Board Executive Committee (ECMB), using the following ‘Lines of Development’ to guide the organisation’s development:

- Governance – policy, roles and responsibilities, freedoms and constraints
- Reputation – internal and external interfaces and relationships
- Enabling Processes – business process elements for achieving performance in terms of cost, quality, service & speed
- Skills – business and functional competences, specialist expertise
- Tools – supporting methodologies and techniques
- Information – supporting data, information and knowledge, information systems and communications

DE&S will establish the most appropriate arrangements for the key business capabilities, taking account of interfaces with other parts of MOD and other Government departments, and industry’s ability to take on any new tasks. In some instances, aspects of the key business capabilities may be best delivered by a third party – elsewhere in MOD, Government, or in industry. However, DE&S will retain the responsibility for the collective performance in achieving its mission.

Key Roles

The DE&S organisation is structured around the following key roles to enable it achieve its mission and contribute to Through Life Capability Management:

- **Service provision** - accountable for ensuring that coherent, integrated, effective services are delivered by DE&S which meet customer priorities. This role includes responsibility for managing the high level Sponsor and User interfaces. It is discharged by the Chiefs of Materiel.
- **Production** – accountable, working with suppliers and partners, for delivery of technology, equipment and support capability which is optimised through life and end-to-end to meet the needs of the front line. This role provides the primary interface with the supplier base. It is discharged by the Chief Operating Officer.
- **Business support** – accountable for providing support to the business by assuring plans for the delivery of capability, managing essential corporate functions and driving process consistency and skills development. This role includes responsibility for managing the interface with MOD Head Office. It is discharged by the Chief of Corporate Services.

The following principles will drive refinements to the organisational construct:

**Service provision** –

- The joint supply chain will manage an end-to-end capability around the operational cycle, establishing the appropriate boundary with industry providers.
- Decider elements for the procurement of commodities & stock will all ultimately reside in the Chief Operating Officer area, exploiting advances in commercial approaches.
- Opportunities will be exploited to establish ‘best for Defence’ solutions based on vfm by continually improving the basis for service provision, including where appropriate using essential in-house elements to generate income.
Governance Framework

DE&S is a Top Level Budget area of the MOD. It will be managed through a robust governance framework that meets the needs of public sector accountability and our requirement to ensure regularity, propriety and the avoidance of fraud. A key feature of the governance framework is that DGs will be accountable to CDM and the DE&S Main Board, through the relevant ECMB member where appropriate, for the delivery of designated outputs within agreed resource levels. The governance framework will clearly define the freedom and constraint parameters within which DGs will operate. These freedoms and constraints will be set out in Letters of Delegation.

Authority and accountability for decisions in DE&S will follow clear definitions of responsibility:

- **Ensurance** is the responsibility of the line and is about DGs and their staff confirming that required outputs can be and are being delivered. It involves taking responsibility for all appropriate elements needed to ensure delivery, including resources and the provision of qualified staff, pulling in the appropriate range of functional, subject matter experts (SMEs) to support core teams. It is a through-life activity and is continuous, not based solely around approval points.

- **Assurance** is also a through-life activity based on early engagement and agreement of a tailored assurance plan between functional experts and project staff. It is about evidence-based sign-off by certified and specifically appointed experts, and covers project controls, policy/process application and outputs.

- **Scrutiny** is a point in time activity, usually associated with a key decision point. It seeks to confirm the integrity of a business case; provides confirmation of the certified evidence to support that case and delivers an assessment of issues when full assurance is not possible.

### Production –
- All acquisition of equipment capability, and sustainment of that capability through life, will be managed by the Chief Operating Officer area.
- Corporate accountability will focus on the DG operating centres; teams below this level will be accountable to the DG for the delivery of their outputs.
- Operating Centre boundaries will be determined by the optimum balance between the Department’s requirements and the industrial sector capability.
- The boundary with industry will be driven by ‘best for Defence’ criteria, based on vfm.

### Business support –
- Support functions will be driven by customer pull and the means to provide this will be determined by ‘best for Defence’ criteria, based on vfm.
- Transactional functions will be provided either through MOD-wide agencies or by third party providers.
- Opportunities will be exploited to establish ‘best for Defence’ solutions by continually improving the basis for support provision, including where appropriate using essential in-house elements to generate income.
The DE&S governance framework reinforces the key roles of Chief Operating Officer, Chiefs of Materiel and Chief of Corporate Services, facilitating cross-boundary interfaces between these areas and beyond to deliver the mission:

**Chief Operating Officer:**

- The COO’s Director Generals manage the delivery operating centres and are responsible for optimising performance across their portfolio within the resources provided. Resource will primarily be managed at DG level, with the DG having accountability to CDM, through the COO.

- Delegations will be through Chief Operating Officer to the DG, who will establish an appropriate framework for sub-delegation aligned to the construct of their Operating Centre.

- Investment decisions will be ensured by the DG. Experts within the Cluster, licensed by the appropriate functional DG, will provide independent assurance.

**Chiefs of Materiel**

- The Chiefs of Materiel are operationally focused and draw on resources from across DE&S to:
  
  - work with the Sponsor and User to identify ‘best for Defence’ solutions.
  - understand the priorities of the Sponsor and User, and channel these to Chief Operating Officer area.
  - ensure that the outputs delivered by the Chief Operating Officer area meet the requirements and priorities of the Sponsor and User.

- The CoMs’ DGs manage the service provision operating centres of the Joint Supply Chain, Information Systems & Services and Naval Bases. They are responsible for optimising performance across their portfolio within the resource provided. Resource will primarily be managed at DG or Naval Base Commander level, with the DG/NBC having accountability to CDM, through the relevant CoM, for delivering outputs.

**Chief of Corporate Services**

- The Chief of Corporate Services area provides the assurance functions to underpin investment decisions and key functions associated with running the business.

- The CCS’ DGs will provide independent assurance of investment decisions through early engagement with experts in other operating centres who they functionally “own” and license.

- The CCS’ DGs manage the functional operating centres and are responsible for optimising performance across their portfolio within the resource provided. Resource will primarily be managed at DG level, with the DG having accountability to CDM, through the CCS, for delivering outputs.

Within the authority and accountability described above, there are relative authorities and accountabilities – particularly in the relationships between COO and CCS DGs. On the one hand, for example, CCS DGs set the rules for business operations through Standing Instructions and COO DGs are responsible for ensuring that their area complies with these. On the other hand, COO DGs are internal customers of CCS DGs for effective and efficient processes, skilled people and business tools, and should expect these needs to be met within agreed business priorities. DE&S Letters of Delegation will reflect these relationships.
The governance framework will be included with the DE&S Operating Framework, which will also define the policy, process and procedures to be followed for DE&S business operations. Importantly, the DE&S Operating Framework is a component of the Acquisition Operating Framework which sets out the Departmental policy, processes and procedures for acquisition business.

Managing Performance

The performance management framework will focus on measuring the business’s effectiveness in delivering its key outputs, maximising available resources and its internal operation. This framework will support both the needs of DE&S as well as the Defence Acquisition Change Programme, Defence Management Board and Public Service Agreement targets. The aim will be to monitor performance at all levels using, as far as practicable, a common management information system. At Board level performance monitoring will focus on delivery of key outputs of DGs, in line with the governance framework.

The Main Board will track performance under four broad headings:

- **Support to current operations.** This measure will focus on DE&S’ success at delivering equipment and stores to operational theatres within the required timescales and likewise improved capability into the hands of the user through Urgent Operational Requirements.

- **Support to future operations.** Support to tomorrow's operations will monitor DE&S’ progress in supporting the Front Line Commands in their delivery of Force Elements and supporting the Sponsor in meeting the requirements for new and updated capabilities.

- **Maximising the benefits from the resources available.** We will track DE&S’s use of all the resources provided both in financial and people terms to ensure their efficient utilisation, recognising that resources available are finite.

- **Building and Managing the Business Effectively.** In addition a number of internal Business Performance Indicators will be tracked to drive specific improvements across DE&S. These measures will be designed to monitor progress across the business where improvement is being sought, including Through Life Capability Management, improved acquisition timelines and PACE. Some measures will also reflect key strategic choices as well as tracking our contribution to wider Departmental targets on Sustainable Development. Each will be tracked on a Traffic Light basis.

Managing Safety

Driving safety coherence is a critical responsibility across DE&S. The Safety Committee, as a subordinate sub-committee of the Main Board, oversees the effective operation of safety policy and processes within DE&S to assure CDM that the organisation is meeting its legal obligations. Responsibilities within the DE&S are in line with the Departmental safety framework for equipment acquisition, support and logistics:

- **DE&S teams** – are accountable through their line management to the Secretary of State for ensuring equipments, support and logistics arrangements (including operating and maintenance instructions and performance envelopes) are safe.
• **The Chiefs of Materiel** – provide CDM with assurance that Users understand their responsibilities and how to operate equipment according to safety obligations defined in Joint Business Agreements.

• **DG Safety & Engineering** – provides CDM with assurance that safe processes are defined and complied with within DE&S, and that equipments, systems, support and logistics are safe.

• **Chairs of Functional Safety Boards** – report to 2nd PUS as chairman of the Defence Environmental & Safety Board and provide the Secretary of State with assurance that processes are defined and are complied with in all TLBs, that the combination of equipment, trained personnel and all other lines of development yield safe systems, and that the Department is both resourcing and operating an effective safety management framework at all levels.

**Managing Risk**

The DE&S approach to risk is that it must be managed at the lowest appropriate level within the business. Risks that cannot be managed effectively at the lowest will be escalated to the next management level to enable effective intervention. The Main Board will focus on strategic risk to the business. Below Main Board the focus will be the management of key risks to the delivery of outputs.
Section 3 – Enabling the Business

In this Section –

- Manpower resources
- Estate infrastructure
- Enabling processes
- Business tools
- Information & knowledge
- Managing our reputation

Manpower Resources

DE&S will manage the number of people it employs and the civilian/military and grade/rank mix to ensure it has the right level and profile of manpower resources to deliver its outputs effectively and efficiently. The range of initiatives underway and planned will have an impact on the size of the workforce, but these are unlikely to happen uniformly across the organisation. The changes in manpower resources will be managed to ensure that core skills are retained and developed, and that resources are aligned to customer priorities.

It is difficult to exactly predict the size of the future organisation. Estimating a precise number at this stage would not only go against the principle of delivering greater efficiency through continuously striving for ever greater effectiveness, but would presume the outcome of further work that will need to look at the capability we need in DE&S, what tasks can better be undertaken elsewhere, including in industry, and whether tasks need to be undertaken at all. Indications at this stage from initiatives aimed at improving how we do business and doing business differently, are that DE&S in 2012 is likely to employ around 20,000 people.

Estate Infrastructure

The estate managed by DE&S is large and diverse and encompasses:

- **Estate In Support of the Strategic Nuclear Deterrent** – the facilities at Aldermaston and Burghfield, Clyde Naval Base and the NRTE Vulcan at Dounreay in Scotland.

- **Estate In Support Of Delivery Of Outputs To Fleet** - the Naval Base Review is now complete and the announcement made that all three Bases will continue to be maintained as strategic assets, although optimised; the precise implications for the DE&S estate are not yet fully scoped.

- **Estate In Support Of Delivery Of Supply Chain Outputs** – delivery of FDSCI benefits and implementation of the DSDA Estate Strategy.

- **Estate In Support Of Delivery Of Outputs To Air and Land** - Depth maintenance hubs are being developed to support fixed and rotary wing platforms.

- **Estate in Support of Information Systems and Services** – The majority of communication sites are covered by long term PPP service provision arrangements. The Corsham 09 Programme will enable delivery of the ISS Blueprint.

- **Estate In Support Of Delivery Of Outputs To Projects** - DE&S has a long term partnering agreement with QinetiQ to provide Authorised (Explosive) and Non-Authorised (Electronic/Electro-magnetic) Ranges across the UK.

The DE&S Estate Strategy, which feeds into the Defence Estate Development Plan, will ensure that the estate is optimised to support delivery of outputs, effectively and efficiently: the
geographic location of DE&S staff will be driven by business need. DE&S staff will continue to be deployed across the country and overseas. For example, staff will continue to be employed at depth hubs and RAF Main Operating Bases, at the Naval Bases and at other locations mentioned above. DE&S staff will also continue to be based at various industry sites at home and abroad where this provides that best means to work closely with suppliers. Where there is no business need for them to be based elsewhere, DE&S staff will, to the maximum extent possible, be consolidated within the Bristol/Bath acquisition hub, in order that the business can benefit from the collocation of teams to improve effectiveness and efficiency, and that individuals can benefit from a broader range of career opportunities within a single location.

Enabling Processes

One aspect within each key business capability is Process. Traditionally we have defined key business processes around functions, e.g. Finance, Commercial, HR, Project Management etc. To ensure our business processes support performance in delivering DE&S outputs, these need to be defined in terms of their contribution to the business capabilities. A high level model of DE&S business processes will identify important linkages with Departmental processes, but its aim will be to define DE&S business operations so that these can be targeted for improvement in effectiveness and efficiency.

The following principles will drive process definition and management:

- Processes will be determined by the DE&S key business capabilities they deliver, rather than on the basis of organisational functions and structures.
- Process leads will be identified and will be accountable for the effectiveness and efficiency of their process elements, based on defined measures which are benchmarked against leading practice, and for delivering associated tools and training.
- Process leads will be responsible for ensuring that DE&S business operations are in line with Departmental processes and, where appropriate, common processes are developed with industry and other partners.
- Process leads will be given authority to mandate business operations through DE&S Standing Instructions, establishing an appropriate balance between prescription and freedom to innovate.
- Operating Centres will ensure that their business operations are in line with the DE&S process framework, and are entitled to challenge process leads where effectiveness and efficiency improvements are required.
- DG Change will be responsible for developing the high level process model and creating a methodology for targeting process elements which will deliver greatest effectiveness and efficiency benefit.
- Recognising that DG Change is a lifed post, responsibility for maintaining the DE&S process model and ensuring it continues to support DE&S business capabilities will be transferred to an appropriate area within DE&S when it has reached sufficient maturity.

Business Tools

Business tools will be developed to improve organisational effectiveness and efficiency, drawing on leading practice to underpin DE&S business capabilities. For example, tools will be needed to enable DE&S to fully contribute to through life capability management. A flexible resourcing tool
to enable the flexible deployment of people in line with business priorities will be essential. And a suite of tools in support of the range of routine activities such as purchasing, booking and planning will be needed. The following principles will drive the DE&S approach to delivering business tools:

- The relevant lead within DE&S will be responsible for defining the requirement along with users within the organisation.
- Standardisation will be promoted to minimise the range of similar tools in use within the organisation, recognising that some business operations may need a tool to be tailored to meet specific requirements.
- DE&S will not pursue its own business tools where a Departmental tool already exists or is planned. This may involve DE&S acting as a pilot for other parts of MOD.
- DE&S will work jointly with others in MOD and industry, as appropriate, to develop business tools in support of Defence acquisition business.
- Where an automated solution is appropriate, the business tool will be managed as part of the DE&S e-solutions toolkit.

Information & Knowledge

DE&S requirements for information and knowledge management capabilities will be taken forward in line with Defence acquisition and wider Departmental initiatives.

- **Decision Support Management Information System** – The DE&S requirement for MIS will be defined from first principles to underpin business operations on a phased delivery approach. An initial operating capability will exploit quick wins and to meet priority needs by rationalising across ex-DPA and ex-DLO tools and by filling urgent capability gaps. Subsequent full operating capability will satisfy MIS needs in the longer-term.

As well as informing internal decisions at a number of management levels within DE&S from desk to Main Board through, for example, reporting on project performance, cost and time, risk and commercial management, the MIS will also report into the wider Defence acquisition community. It will meet the requirements of Defence acquisition to support decisions on through life capability planning and management, and it will underpin Joint Business Agreements. It will provide DE&S logistics information into the end-to-end defence support chain. It will also assist Departmental HR and finance agendas to exploit information from personnel and finance systems.

- **Information Management and Exploitation** – Information is the meaning that an individual draws from data following its manipulation, processing and presentation. Knowledge is one level higher – an individual’s experiences and skills make use of information to achieve desired outcomes. A strategy for Information Management (IM) and Information Exploitation (IX) within DE&S will draw on experience and expertise from elsewhere in MOD, the wider public sector and the private sector, to further build and share corporate know-how. DE&S will make full use of Departmental IM and IX processes and tools, and augment them only where there is a gap in Departmental capability to meet DE&S needs. The DE&S IM/IX strategy will not focus solely on technology aspects – it will impact on ways of working; for example:
Information, whether captured in DE&S, elsewhere in MOD or in Industry, will be stored once for use many times, thus establishing a single version of the truth. Error-prone human processing will be reduced; there will be a common understanding of the information; it will be easily accessible; it will be timely and accurate; and there will be an authoritative source and configuration integrity. These, along with user-friendliness, will be attributes required by the MIS.

Information will be managed as a corporate asset and will be available for sharing across Defence. It will be exploited through sharing, collaboration and communication. The use of a common DE&S fileplan, the creation of i-Hubs and the introduction of the Department’s Electronic Document and Record Management System (EDRMS) will be key enablers.

Information will have clearly defined ownership and will be handled in accordance with security requirements.

Information will be exploited by an effective governance regime, which is currently being developed, including the creation of a DE&S Chief Information Officer (CIO) role.

Knowledge will be generated through experience and learning.

- **Business Information Systems (IS) Framework** – Having a single information infrastructure is an essential enabler to delivering organisational effectiveness. The benefits that will be provided by the introduction of DII(F) will include:
  - Improved efficiency, including whole life cost savings by rationalising current IS and applications.
  - End-to-end interoperability - DE&S users will be able to communicate more effectively with some 300,000 users on DII(F) across 2,000 MOD sites worldwide.
  - Improved e-ways of working; for example, more effective exchange of data and sharing of information.
  - User access through DII(F) terminals at a range of sites.
  - A DII(F) mobile solution that will enable the DE&S Flexible Working agenda.
  - Single co-ordinated user support.
  - More effective security control.
  - More robust business continuity.

**Managing our Reputation**

The reputation of DE&S is based on our ability to deliver equipment to the Armed Services and the perception of how good we are at this. A positive reputation is an outcome of good practice, achieving a track record of delivery, communicating our successes and proactively engaging with our stakeholders. There are many factors that could impact our reputation which, in turn, may pose a serious risk to our effectiveness. Managing our reputation has been identified as a strategic risk by the Main Board and a Reputation Management Campaign Plan will enhance our
reputation, in the short term, for providing equipment, support and logistics capability, and safeguarding and develop this reputation over the medium and longer term. Longer-term reputation will be protected and developed through maintaining the momentum of the measures put in place by the Reputation Campaign Plan, by improving how we do business, and through an unequivocal track record of delivery and achieving our mission. Our immediate next steps will be:

- Identify and engage with key stakeholders through a range of communications channels;
- Promote increased awareness of, and interest in, DE&S;
- Identify and manage strengths, opportunities, threats and issues;
- Undertake proactive and reactive management of communications focusing on key messages that are persuasive, concise, clear and appropriate and targeted to DE&S’ stakeholders;
- Drive one DE&S identity that supports that of the MOD but clearly identifies and binds all DE&S teams and activities;
- Establish measures to evaluate communications activity among stakeholders and act on analysis to inform, improve and adjust activity.

Reputation is also a key factor in achieving a positive working environment within DE&S. This links directly with Defence Values for Acquisition and will have an impact on more tangible factors of how we manage and develop our people to enhance our ability to deliver.

Reputation management will be embedded within all of DE&S internal and external communications activities, flowing from the DE&S Communication Strategy and Plan. A limited number of key messages will be developed that resonate across all stakeholder groups. In addition, stakeholder-specific messages will be communicated.
### Values

DE&S applies a common set of values that are shared with the whole of the MOD acquisition community. The future operating model for DE&S will include a tangible move in behaviours to reflect the Defence Values for Acquisition, which are needed for us to effectively contribute to Through Life Capability Management. The Defence Values for Acquisition follow five top level themes: each is underpinned by a set of values and a set of outcomes:

<table>
<thead>
<tr>
<th>Theme</th>
<th>Values</th>
<th>Outcomes</th>
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| **People** - The key to our success is people who are skilled, accountable and recognised for their achievements | • Recognise that people are the key to our success.  
• Realise that success and failure matter | • People are better motivated to achieve.  
• Achieve success and inspire others to do so |
| **Openness & Transparency** - Sharing information, knowledge and experience | • Value openness and transparency. | • Better able to share the right information to support agreed courses of action |
| **Professionalism** - Performing to the best of our ability | • Value objectivity | • Increased effectiveness and efficiency in delivery |
| **Delivery to the Armed Forces Through Life** - Taking informed Acquisition decisions; knowing and doing what needs to be done | • Recognise that best can be the enemy of the very good.  
• Identify trade-offs between performance, time and cost.  
• Never assume additional resources will be available.  
• Think incrementally, allow space for innovation.  
• Understand that time matters.  
• Quantify risk and reduce it by placing it where it can be managed most effectively.  
• Reinforce a through life culture | • Better acquisition decisions leading to improved delivery of capability |
| **Industry** - Working together with Industry | • Recognise and respect the contribution made by industry | • More productive relationships which support delivery of outputs |
Ways of Working

The future operating model for DE&S builds on the best of DPA and DLO, recognising the need to do business differently where that brings greater effectiveness and efficiency. This requires clarity in our ways of working; we want to characterise how we do things in DE&S to create a positive working environment for all.

DE&S Ways of Working

Team Defence

- The ‘Team’ approach is evident throughout the organisation in the way information is shared and common goals are supported.
- People identify with and have a personal connection to the purpose of the organisation, their role within it and the wider role of DE&S within Defence.
- Mutual respect is encouraged and expected, and a blame culture is not tolerated.

Taking Responsibility

- People are clear about priorities and their authority to take action.
- Requirements are understood and resources used wisely to meet them.
- Knowledge and expertise is actively sought to deliver even better results.
- Requests for information take account of the effort of others to provide the answers.

Being Accountable

- Risk is managed proactively and at the appropriate level.
- Decisions are timely and consequences communicated openly to those impacted.
- Actions are based on achieving the best for Defence.
- Opportunities for improving performance are acted on.

Being Flexible & Agile

- Customer priorities drive our priorities.
- We strive to remove waste and cost.
- Flexible resourcing ensures the organisation’s priorities are met by properly deploying people.
- Flexible working is supported by a modern workplace and IT.
- Timely management information supports agile decision-making.
Delivering Results

- Performance targets drive desired behaviour and the fair treatment of people.
- Skills, experience, loyalty and results are recognised and rewarded appropriately.
- People are truly valued and are encouraged to develop to their potential.
- DE&S has a motivated, healthy and diverse workforce.

The way the organisation is led at all levels is an essential element of turning these statements into reality. The HR Agenda is already focusing on this requirement but the leadership framework and strategy that we are drawing up will explicitly underpin these ways of working so that we have an effective diverse community of leaders with the knowledge, skills, behaviours and ways of operating that enables business to be done differently. Key stakeholders are involved in this process and that will continue to be the case ensuring that the leadership community contributes to the development of the framework and strategy. At the same time we will create a route map which draws out the linkages to the existing and future skills, behavioural and business competence frameworks. We will ensure that the processes that support the way we manage and engage with work and people, including performance management are congruent with the ways of working and that we develop the skills we need to carry out the processes well. We will involve a cross section of DE&S in this work. It begins with the development of the leadership framework and strategy and will progress through linking with the DACP people skills and behaviours workstream and refreshing as necessary the programme we have in place to sustain and develop a highly professional workforce.

Skills & Competences

The DE&S strategic objectives recognise that the organisation must develop and sustain a highly professional workforce. We need to develop our people throughout their careers so that they have the right skills to do their jobs effectively today and in the future. But it is not just about the skills required to do the job as we do it now. It is also about having the skills to do things in a different way.

Whilst it is important that everyone develops the right skills, the organisation needs to focus effort on developing those skills which are critical for success. The focus has been on developing functional skills across 5 key acquisition skill areas – project and programme management, financial management, logistics\(^2\), engineering and commercial. There is a strong emphasis on the strengthening of professionalism through alignment with external standards, but skills are broader than just qualifications. Individuals need to be able to demonstrate their competence and develop their skills by applying their knowledge within the workplace. Experience still counts.

As the Blueprint is implemented key stakeholders will need to work together to understand the emerging skills requirements and determine how best to meet them.

- **Skills directors** - provide single point of accountability for a Job Family across the organisation and have a quality assurance role in endorsing training for their function. They will take a function overview of their Job Family within DE&S and determine how future skills gaps can be closed. They will also work closely with Departmental Skills champions to influence and shape their plans to ensure that they meet DE&S business needs.

- **Functional DGs** – have a key role to play in ensuring, in conjunction with the skills director, the health of their function and also in determining how best functional expertise is deployed across DE&S.

\(^2\) Inventory management and ILS only.
- **Operating Centres** – will identify the skills required to meet their business needs and deliver outputs.

- **DE&S HR** – has a key role in bringing coherency across the skills agenda and leading on work to find solutions to address gaps that do not fit within a single functional area, for example, leadership and line management capability.

To deliver the key business capabilities we will need to improve and evolve existing skills (core and functional). And individuals will need to be multi skilled with knowledge and experience across more than one function. As well as core and functional, skills will also need to reflect the underlying behaviours that are required to work in a different way. Whilst these requirements will be driven by the business, a key role for the HR function will be to ensure coherency and alignment of approach. A key enabler in undertaking this activity will be HRMS data, which the organisation will continue to improve. DE&S future training requirements will be clearly articulated in its Statement of Training Requirement so that appropriate action can be put in place.

DE&S will make the most effective use of its specialist skills, particularly where these are in short supply. Where specialist skills relating directly to DE&S business capabilities are not readily available in the market, and are required on a frequent basis, an in-house capability will be retained. The development and deployment of this capability will be planned and managed using the DE&S flexible resource management system, using expertise to real effect and in line with business priorities. Where specialist support is sourced from outside the organisation, best use will be made of arrangements which leverage MOD’s buying power, provide quick and easy access to capability when required, and ensure skills transfer where appropriate. The Chief of Corporate Services area will provide the gateway to this support.

DE&S will also make best use of both military and civilian skills and behaviours. Our military staff are expensive so we must ensure that they are deployed to best effect in line with business priorities and where they can add most value. We will set out expectations in terms of the skills – competences, qualifications, experience – that is required to undertake particular roles effectively and enhance professionalism. But each individual within DE&S must take ownership of their skills portfolio. This will help to create a culture of continuing professional development where maintaining and improving skills set is seen as part of the day job.

**Working with Trades Unions**

The Trades Unions will have an important role to play in the development of the workforce as part of the PACE programme. The initiatives which underpin the Blueprint, all aimed at improving the organisation’s effectiveness and contribution to improved support to our Armed Forces, will have an impact on people within DE&S. This will be managed sensitively and in partnership with Trades Unions.

A framework to guide and coordinate informal engagements and formal consultations has been developed in close working with Trades Unions. That framework reinforces the intent to build a meaningful dialogue with them as we plan and implement PACE. Strategic and cross-cutting elements of the programme will be included within the TLB level engagement, led by DG Change and DG HR. Engagement on business unit change plans and supporting people plans will be conducted locally. Formal consultation, whether central or local, will be conducted as appropriate in line with Departmental policy. The framework is underpinned by a ‘clearing house’ operated within DGHR to ensure consistency and coherence across the programme.
Delivering the Blueprint

**Governance Framework**

- **Chief Operating Officer**
- **Chief Corporate Services**
- **Chiefs of Materiel**

**Cluster Construct**
Optimising functions and structure to contribute to through life capability planning & management.

**Service Tasking & Resourcing**
Resourcing & tasking of corporate services on a demand-led basis.

**Embedding TLCM**
Changed boundary with industry with less ‘shadowing’, more joint working, long-term partnering, service procurement and alliancing that harnesses the capability of the defence industrial base. Clear focus on ‘time to market’ with shortened acquisition times and improved agility and responsiveness through exploiting alternative acquisition approaches.

**Flexible Resourcing**
More flexible means to deploy staff within and, as appropriate across, DG operating centres, using expertise and experience to better effect.

**Process Improvement**
Simplified processes, with overlap and inefficiency driven out.

**Collocation**
Consolidation of DE&S office-based staff at Bath/Bristol.

**Decision Support MIS**
Rationalising tools and filling capability gaps in the sort-term. Longer-term solution will support decisions on through life capability management and Joint Business Agreements.

**HR Agenda**
A framework of HR processes & flexibilities covering: professional skills, flexibility & agility, and performance & talent management.