

# Reforming the MOD: major changes ahead

*The Secretary of State for Defence Dr Liam Fox has announced the strategy for reforming the MOD. Here, MOD DCB looks at the setting up of the Defence Reform Unit and how it will lead in the reorganisation of the MOD into three 'strategic pillars'.*

**S**peaking to an audience at the Royal Institution of Chartered Surveyors in Westminster in August 2010, Secretary of State for Defence Dr Liam Fox announced that he is launching a full review of how the MOD is run and how the Armed Forces can be reformed to 'produce more efficient provision of defence capability, and generation and sustainment of operations'.

In his speech Dr Fox began by describing the background to the changes, highlighting the fact that the country faces a legacy of debt – the interest on which for the next year alone will exceed the budget of the MOD.

Dr Fox said the Strategic Defence and Security Review (SDSR) will not simply be a random selection of cuts but an objective process by which the shape of the Armed Forces required will be reached by the end of the decade. He said: *"The National Security Council has agreed that the overarching strategic posture should be to address the most immediate threats to our national security while maintaining the ability to identify and deal with emerging ones before they become bigger threats to the UK.*

*"This flexible, adaptable posture will maintain the ability to safeguard international peace and security, to deter and contain those who threaten the UK and its interests, and where necessary to intervene on multiple fronts. It will also, crucially, keep our options open for a future in which we can expect our highest priorities to change over time."*

He said the UK needs to invest in programmes that will be required to put defence on a sound footing for the future and divest our Armed Forces of the capabilities which are unlikely to be of use as precision weaponry or within a battlespace increasingly embracing unmanned and cyber domains', adding:

*"We are contrasting cost-savings and the capability implications with the risks that we face in the real global security environment. This requires assessing any proposed change in a current programme or platform against a series of criteria, including:*

*"First, the cost-saving in years zero to five, five to ten, and beyond ten.*

*"Second, the capability implications – what capability will be lost as a result of this decision and what other assets do we possess that might give us the same or a similar capability?"*

*"Third, the operational implications – what operations that we currently carry out, or are likely to carry out, will we be unable to undertake as a result of this change?"*

*"Fourth, the ability to regenerate the capability, at what cost and in what timeframe.*

*"And fifth, the risk in the real world that this capability currently protects us from or is likely to protect us from in the foreseeable future."*

In alliance with the SDSR, Dr Fox said that the MOD itself was in need of reform and to this end he announced that a Defence Reform Unit would be established to carry out the required changes.

On this he said there are two broad principles that would be followed. The first is a structural reform which will see the Department reorganised into the three pillars of

Policy and Strategy, the Armed Forces, and Procurement and Estates. The second is a cultural shift which will see a leaner and less centralised organisation combined with devolved processors which carry greater accountability and transparency.

He stressed that a logical management structure would be foreign policy leading to a defence strategy; then portfolio management which identified capability gaps; followed by specific programme identification and finally physical procurement.

The new three pillar structure is designed to make this easier and to stop the constant over-specification and then re-specification of programmes which has led to cost overruns and programme delays.

The work will be led by the Defence Reform Unit. Dr Fox described this as 'a heavy-hitting steering group of internal and external experts who will guide the hard thinking and challenge preconceptions'.

Lord Levene will chair this group and will be supported from outside the MOD by Baroness Sheila Noakes, George Iacobescu, Dr David Allen, Björn Conway and Raymond McKeeve. In turn, it will be supported by a civil service implementation team with a remit to complete their blueprint for reform by September 2011.

Dr Fox also announced that there will be a review of how the Armed Forces undertake the tasks of force generation and sustainability, stating: *"We need to challenge some of the fundamental assumptions which drive force generation, such as tour lengths and intervals, taking into account the varying pressures on our personnel resulting from widely varying missions to see if we can update our practices and produce greater efficiency while implementing the military covenant."*

Dr Fox said he will be asking the First Sea Lord, Admiral Sir Mark Stanhope, the Chief of the Air Staff, Air Chief Marshal Sir Stephen Dalton, and the new Chief of the General Staff, General Sir Peter Wall, to begin this review once the SDSR has been completed, with a view to completing their work by the spring of 2011.

Meanwhile, the Defence Reform Unit will work with the Chief of the Defence Staff and the Service Chiefs to find ways of giving greater devolution for the running of the Services themselves.

## Further information

To read the speech in full, please visit:

Web: [www.mod.uk](http://www.mod.uk)