



INDEFENSIBLE

Reforming the Ministry of Defence

By Tim Ambler

DISCUSSION PAPER

EXECUTIVE SUMMARY

- The Ministry of Defence has responsibility for a number of functions that are currently performed inefficiently and represent poor value for taxpayer money;
- Defence procurement has long been associated with delays, financial overruns and equipment failures;
 - Previous reform efforts have proved ineffective: the solution is to remove large parts of procurement from the MoD altogether;
- A number of MoD enabling organisations are ripe for privatisation, including the Defence Infrastructure Organisation, the Hydrographic Office and the Oil and Pipelines Agency;
- Several other MoD enabling organisations could have their functions effectively performed by existing bodies;
 - Taking care of veterans should be left to the Royal British Legion with pensions contracted out as other large employers do;
- Full headcount numbers which carry no security risk should be published annually, with a view towards greater transparency and appropriate scrutiny;
- This paper demonstrates opportunities to reduce the MoD headcount by approximately 28,682 civilian personnel (45%) through restructuring, redistribution and redundancy.

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ABOUT THIS SERIES

The UK government plans to reduce the civil service headcount by nearly 20%. We believe that deeper savings—bringing lower costs and greater efficiency—are easily possible. Whitehall has grown far more than 20% in the last seven years alone; and we have found most departments to be a confused clutter of overlapping functions and agencies. This series aims to cut through that clutter to suggest nimbler, lighter structures.

Whitehall departments have two functions: to manage policy and to provide services. We believe that services (such as passport provision) should be provided by executive agencies, without being swamped by the core department staff. We also believe that the cores could work, more effectively, with a fraction of their staff.

ABOUT THE MINISTRY OF DEFENCE

The Board of Admiralty was created as long ago as 1628 (hence 'senior service').¹ The first Secretary of State for War arrived in 1794.² The Air Ministry was created in 1918,³ along with the RAF, and in 1964 the three were merged as the Ministry of Defence.

While, according to successive MoD reports, the armed forces' personnel numbers have been roughly stable since 2015 at around 150,000, the MoD civil service count has been more volatile. In 2016 it was 55,460⁴ and the then Prime Minister, David Cameron, pledged to reduce it by almost 30%, to 41,000.⁵ That did not happen. Today, according to its 2020/21 annual report (pg.161), the full-time equivalent MoD *civilian* staff number was 63,393.⁶

PROCUREMENT

Of the 12 'enabling organisations' that constitute the civilian part of the MoD, the one with by far the greatest number of staff (12,136)⁷ is Defence Equipment and Support (DE&S) i.e., procurement.

However, defence procurement has long been associated with delays, financial overruns and equipment failures (notably the unusable Ajax tanks discussed in the MoD's last annual report). As the House of Commons Public Accounts Committee reported in November 2021,⁸ "despite numerous reviews of defence procure-

¹ Admiral Sir James Eberle, 2007, *Wider horizons: naval policy & international affairs*, Broompark: Roundtuit Pub. ISBN 9781904499176.

² Oxford Dictionary of National Biography, 'Secretaries of state for the colonies', 2004: <https://www.oxforddnb.com/view/10.1093/odnb/9780198614128.001.0001/odnb-9780198614128-e-92817;jsessionid=A198FB754B615526FC148C2FD08EDF18>

³ National Archives, 'Records created or inherited by the Air Ministry, the Royal Air Force, and related bodies': <https://discovery.nationalarchives.gov.uk/details/r/C8#:~:text=On%203%20January%201918%20the,Air%20Force%20came%20into%20existence.>

⁴ Ministry of Defence, Annual Report and Accounts 2015-2016: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/558559/MoD_AR16.pdf

⁵ Civil Service World, 'Ministry of Defence to cut civilian workforce by almost 30%' 2015: <https://www.civilserviceworld.com/professions/article/ministry-of-defence-to-cut-civilian-workforce-by-almost-30>

⁶ Ministry of Defence, Annual Report and Accounts 2020-21 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1048706/MOD_Annual_Report_and_Accounts_2020-21_WEB.pdf

⁷ Ministry of Defence, Defence Equipment and Support Annual Report and Accounts 2020-21: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1051785/20220120-DE_S_ARAC_2020-21_DDC_V24-O.pdf

⁸ UK Parliament Public Accounts Committee, 'MoD defence equipment systems "broken and repeatedly wasting billions of taxpayers' money"', 2021: <https://committees.parliament.uk/committee/127/public-accounts-committee/news/158463/mod-defence-equipment-systems-broken-and-repeatedly-wasting-billions-of-taxpayers-money/>

ment over the past 35 years...[it] continually fails to learn from its mistakes.” The waste runs into billions.

Reforming procurement procedures has proved ineffective: the solution is to remove large parts of procurement from the MoD altogether. In almost any other form of purchase, suppliers discuss directly with end users what they want, and then provide it, at an agreed price. The intervention of a third party (in this case the MoD), especially one that keeps changing its mind, is guaranteed to create delays and unnecessary costs.

About 40% of MoD purchases are ‘bespoke’,⁹ i.e. non-competitively procured. Some equipment must necessarily be bespoke, rather than bought on the international market, either because it must be specially designed to provide an advantage over likely opponents’ equipment, or to ensure that we are not held to ransom by foreign suppliers at a crucial time. But the 60% that are open market purchases should be left to the armed forces to buy on that market where they do not already do so.

The British defence industry, which is the world’s second largest arms exporter,¹⁰ should undertake the work and cost of meeting their customer’s needs, just as any other commercial supplier does. Some fine tuning might be needed: for example, some people believe the British defence industry has been feather-bedded by the MoD and could well afford to do its own R&D, while others think that taking over the R&D part of the MoD’s procurement process would be too burdensome. But where that proves to be the case, the defence industry can pitch for R&D grants from the £11.35 billion BEIS R&D budget¹¹ or recoup its own extra R&D spending through higher prices or greater sales volume.

The reality of procurement is that DE&S getting between the suppliers and the armed forces does not add value: it adds cost, delays and dissatisfaction with the eventual hardware. The organisation should be disbanded.

⁹ House of Commons Library, ‘An introduction to defence procurement’, 2019: <https://researchbriefings.files.parliament.uk/documents/CBP-8486/CBP-8486.pdf>

¹⁰ Sabbagh, D., 2019, ‘UK reclaims place as world’s second largest arms exporter’, The Guardian: <https://www.theguardian.com/world/2019/jul/30/uk-reclaims-place-as-worlds-second-largest-arms-exporter>

¹¹ Department for Business, Energy & Industrial Strategy, ‘BEIS research and development (R&D) budget allocations 2021 to 2022’, 2021: <https://www.gov.uk/government/publications/beis-research-and-development-rd-budget-allocations-2021-to-2022/beis-research-and-development-rd-budget-allocations-2021-to-2022>

The Defence Infrastructure Organisation (DIO) looks after the MoD estate. As of 2016 (the most recent published figure), the DIO employed “approximately 4,900 staff”.¹² The sole mention of total staff size in the MoD’s most recent (2019/20) annual report¹³ is the boast that it had managed a 4.7% *increase* during the year.

Back in 2016, the MoD agreed to dispose of 25% of its estate by 2040. The National Audit Office thought that would be unlikely.¹⁴ A year on, an equally sceptical Commons Library noted that the 25% had grown to 30% and the MoD would report annually on progress. If it has, the reports are very hard to find. In October 2021, the Public Accounts Committee condemned the MoD for selling land for only 9,200 homes when it had promised enough for 55,000.¹⁵ DIO’s invariable response to criticism is to say it has a new strategy.

The reality is that people who should be good at fighting wars are not necessarily good at managing property. The assets should be parcelled up to achieve competition, and the DIO should be privatised.

Defence Business Services (DBS) is one of the largest shared services centres in Europe.¹⁶ It deals with military and civilian personnel, finance, information services, security vetting, and pensions. When DBS was set up in 2011, it was claimed that it would reduce the civilian staff count by 2,000,¹⁷ but out of what total we were not informed. It still does not say, and it produces no annual report. Headcount numbers which carry no security risk should be published annually.

Of the DIO’s activities, **security vetting** is mostly conducted for 84 other government departments, and that role should be handed over to MI5. The splintering of domestic security responsibilities (Cabinet Office, MI5, Special Branch, etc.) accounts for a number of the UK’s security problems. It should be unified under MI5. **Taking care of veterans** should be left to the Royal British Legion with pensions contracted out as other large employers do. **Knowledge and Information** is essentially the MoD library, caring for records until they are turned over to the National Archives. One of its functions is to provide services “for identifying authoritative reference data and delivering metadata and controlled vocabularies” —

¹² Defence Infrastructure Organisation, ‘Working for DIO’: <https://www.gov.uk/government/organisations/defence-infrastructure-organisation/about/recruitment>.

¹³ Defence Infrastructure Organisation, ‘DIO Annual Report 2019-20’: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/900850/DIO_Annual_Report_2019-20.pdf

¹⁴ National Audit Office, ‘Delivering the defence estate’, 2019: <https://www.nao.org.uk/report/delivering-the-defence-estate/>

¹⁵ Briggs, B., 2021, ‘Delivering the defence estate’, The Ferret: <https://theferret.scot/mod-condemned-failure-release-land-55000-new-homes/>

¹⁶ Ministry of Defence, ‘Human resources for civilians working for the Ministry of Defence’, 2013: <https://www.gov.uk/guidance/human-resources-for-civilians-working-for-the-ministry-of-defence>

¹⁷ Dr Fox, L. Secretary of State for Defence, ‘Defence Business Services’, 2011: <https://hansard.parliament.uk/Commons/2011-03-22/debates/11032271000010/DefenceBusinessServices>

opaque, even for the MoD. **Personnel, finance and library functions** should be retained as an Executive Agency, albeit slimmed down.

The Submarine Delivery Agency (SDA) was created in 2018 as a procurement go-between for the supplier and the Royal Navy. Staff numbered 1,915 in March 2021, some 178 military and 1,757 civilian.¹⁸ It also deals with decommissioning: Ian Booth, as Chief Executive of the SDA,¹⁹ reports to Vanessa Nicholls,²⁰ Director General Nuclear, who also has charge²¹ of the Atomic Weapons Establishment at Aldermaston. The nuclear functions should rest with the Director General Nuclear and the remaining parts of the SDA should be wound up.

The Atomic Weapons Establishments (AWE) are only mentioned in a note to the accounts even though they must be significant employers. They have been deemed unsafe for the last seven years²² without the necessary corrective action appearing to take place.

The Executive Director, Defence Digital Service Delivery and Operations (DDSDO)²³ under Enabling Organisations on p.9 of the most recent MoD annual report may or may not be the same person as the Executive Director, Defence Digital Service Delivery and Operations who appears on the same page under Strategic Command; both come under the Chief Information Officer, part of Strategic Command. That means there are three boxes on the organisation chart, each team apparently led by a civil servant of three star flag officer rank. This 2,400-personnel unit is really the cyber warfare unit and should be led by a member of the armed forces reporting to Strategic Command.

The Defence Science and Technology Laboratory (DSTL), at Porton Down, has 4,378 staff.²⁴ It works mostly for other government departments and there is therefore no logic in structuring it under the MoD. It belongs with the rest of the UK's R&D funding and should be integrated into the government's mainstream research under UK Research and Innovation (UKRI). To take analogy, the Medical Research Council is part of UKRI, rather than of the Department of Health and Social Care. Defence research should follow the same logic.

¹⁸ Submarine Delivery Agency, 'Annual Report and Accounts 2020-21': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1051780/SDA_ARAC_20-21.pdf

¹⁹ Ministry of Defence, 'Submarine Delivery Agency senior, as of March 2019', 2021: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/930492/SDA_Mar_19_senior_data.csv/preview

²⁰ GOV.uk, 'Director General Nuclear Vanessa Nicholls', no date: <https://www.gov.uk/government/people/vanessa-nicholls--2>

²¹ Defence and Armed Forces, 'Sir John Manzoni announced as Chair Designate for AWE plc NDPB Board', 2020: <https://www.gov.uk/government/news/sir-john-manzoni-announced-as-chair-designate-for-awe-plc-ndpb-board>

²² Nuclear Information Services, 'Aldermaston in 'special measures' until at least 2022', 2020: <https://www.nuclearinfo.org/article/aldermaston-in-special-measures-until-at-least-2022/>

²³ GOV.uk, 'Defence Digital', no date: <https://www.gov.uk/government/groups/defence-digital>

²⁴ Defence Science and Technology Laboratory, 'Annual Report & Accounts 2020/21': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1037573/DSTL_ANNUAL_REPORT_SINGLE_PAGES_DIGITAL_NAV_29.11.21.pdf

The Defence Safety Authority (DSA), created in 2015 (and the only one of these bodies headed by a general) regulates health, safety and environmental protection, for which it requires no fewer than seven regulators.²⁵ It provides no annual report or evidence of staffing levels and value for money. However, it did produce a 98-page report,²⁶ heavily redacted, on why a 53-year-old Petty Officer died during a fitness test: it turned out he had chronic heart disease, though no medical officer had checked up on this. There was a similar fitness test death in 2016 and only one other inquiry involving the DSA in five years. Certainly, military officers should be trained on health matters but bureaucracy like this is unlikely to help. The DSA should be disbanded.

The Hydrographic Office (841 staff²⁷), which specialises in marine geospatial data, is an Executive Agency and made £30 million profit in 2020/21. It should be privatised.

The MoD Police have around 2,900 police officers and 260 non-uniform civilian staff.²⁸ Previous annual reports have recorded high levels of staff dissatisfaction.²⁹ That may not be surprising, given that, according to the MOD policing plan 2019 to 2020, the 2,900 officers recorded only 91 misdemeanours in the year and 70 of those were for speeding.³⁰ In addition to the MoD Police, the forces each have their own police. The Royal Military Police (Army), for example, has 2,500 people³¹ and, if given the same authority as civilian police, could cover what the MoD Police now do. Alternatively, in the UK, local police forces could provide cover. The MoD Police should be disbanded.

²⁵ Defence Safety Authority, 'Annual Assurance Report', 2020: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/929865/DG_DSA_AAR_2019-2020_O__accessible_version.pdf

²⁶ Defence and Armed Forces, 'Service Inquiry into the death of an Acting Petty Officer whilst attending the Senior Rates Leadership Course at HMS Collingwood', 2022: <https://www.gov.uk/government/publications/service-inquiry-into-the-death-of-an-acting-petty-officer-while-attending-the-senior-rates-leadership-course-at-hms-collingwood>

²⁷ UK Hydrographic Office, 'Annual Report and Accounts 2020/21': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1080124/UKHO_AR21_2021-Final-22-10-21-A4_low.pdf

²⁸ Ministry of Defence Police, 'Policing Plan 2019': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/812544/MOD_Police_-_Policing_Plan_201920_Web_Copy.pdf#:~:text=It%20comprises%20of%20around%20%2C900%20police%20officers%20and,Constable%20Andy%20Adams%20Deputy%20Chief%20Constable%20Gareth%20Wilson

²⁹ Ministry of Defence, 'Ministry of Defence Police Committee Annual Report 2017/18': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749682/20180720-MODPC_ANNUAL_REPORT__2017-18-FINAL.pdf

³⁰ Ministry of Defence, 'Ministry of Defence Police Committee Annual Report 2017/18': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749682/20180720-MODPC_ANNUAL_REPORT__2017-18-FINAL.pdf

³¹ British Army, 'Royal Military Police', no date: [https://www.army.mod.uk/who-we-are/corps-regiments-and-units/adjutant-generals-corps/provost/#:~:text=The%20Royal%20Military%20Police%20\(RMP\)%20has%20a%20regular%20manning%20liability,policing%20the%20military%20community%20worldwide.](https://www.army.mod.uk/who-we-are/corps-regiments-and-units/adjutant-generals-corps/provost/#:~:text=The%20Royal%20Military%20Police%20(RMP)%20has%20a%20regular%20manning%20liability,policing%20the%20military%20community%20worldwide.)

The Defence Electronics and Components Agency (DECA) is an Executive Agency and had 416 staff in March 2021.³² It contributes to the maintenance of military aircraft and should be part of the RAF. As for procurement, the RAF may decide to push some of these responsibilities back to the suppliers, as outlined earlier. As of April 2021, the United Kingdom had 555 fixed-wing aircraft in the Royal Air Force and other branches of its armed forces.³³ Offsetting RAF helicopters against fixed wing aircraft flown by the other services, the RAF has 68.5 personnel per plane.³⁴ They should be able to absorb any marginal extra maintenance. DECA should be closed.

The Oil and Pipelines Agency (OPA) employed 150 personnel, according to the 2019/20 annual report.³⁵ Costs in that period were £22.6 million but after fees (mostly from the MoD), OPA made a small profit. It should be privatised.

The Single Source Regulations Office (SSRO) has about 37 staff and exists to keep procurement honest. But if that function is terminated there is no need for the SSRO.

OTHER BODIES

In addition to the enabling organisations, Annex F of the 2020/21 annual report shows eight additional (the SSRO is duplicated) arm's length bodies employing 2,858 staff. The largest of these are the Commonwealth War Graves Commission (1,163 staff) and the Volunteer Reserves organisation (932 staff). No changes are proposed, other than that the three museums (469 staff) and the Chelsea Hospital (280 staff) should become independent charities.

HEAD OFFICE FUNCTIONS

Pages eight and nine of the latest MoD annual plan purport to show the current organisational model, but they are substantially incompatible. In addition, the 40-page official document *How Defence Works* is said to explain “how defence is structured and governed, how key decisions are taken, and how 7 core activities (policy, strategy, planning, governance, generate, enable, and operate) are carried out by 18 organisations and 16 key business functions, working together to deliver 3 defence

³² Defence Electronics Agency, 'Annual Report and Accounts 2020/2021': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1033545/HC613-Report%20and_Accounts_of_the_Defence_Electronics_Agency.pdf

³³ Statista, Number of fixed-wing aircraft in the Royal Air Force and other Armed Forces of the United Kingdom as of 2021, by type', 2021: <https://www.statista.com/statistics/1063374/royal-air-force-number-of-aircrafts/>

³⁴ Ministry of Defence, 'Quarterly service personnel statistics 1 January 2022': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1059988/SPS_1_January_2022_10322.pdf

³⁵ The Oil and Pipelines Agency, 'Account 2019-20': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/931059/Oil_and_Pipelines_Agency_Accessibility.pdf

outputs (defence policy, military capability, and military operations).”³⁶ That too does not marry up. It does, however, indicate the levels of managerial redundancy in the MoD.

TOP LAYER

Clearly the armed forces need to work closely together but our proposed termination of 11 of the 12 enabling organisations raises the question of whether we need an MoD staffed by civil servants at all. The Chief of the Defence Staff (CDS) is already joint head. Most departments manage with just one permanent secretary so why can the CDS not combine both roles? The CDS would need only two Executive Agencies: a slimmed down Business Services dealing with HR, finance, library and other administration, and the Atomic Weapons Establishments.

SECOND LAYER

The second head-office layer currently has 11 teams led by four three-star rank military and seven equivalent rank civilians (p.10). This layer should be wholly dispensed with. The “Chief Information Officer” may or may not (once again) be the same “Chief Information Officer” who reports to the Commander Strategic Command (CSC); but most of the other members of this group should also report to the CSC, with some consolidation of roles to improve managerial control. The roles of the DG Finance, the Service Complaints Ombudsman and the Chief of Defence People (not to be confused with the Chief of Defence Staff) should be fulfilled by the Business Services Agency.

In other words, the top two layers of the current MoD (14 three or four-star flag officers and their civilian equivalents) should be replaced by just the CDS (plus possibly the Vice and/or Deputy CDS).

STAFF REASSIGNMENT

All this leaves the question of whether the armed forces have enough spare staff to deal with the necessary activities of its streamlined all-military HQ. Of the 248 senior staff now at the MoD, 54 (grades OF-6-9) are military and 194 (grades SCS1-4) are civilian.³⁷ There should be plenty of military staff for the senior roles and there are plenty of 40-year-olds leaving the forces who could fill the junior roles if required.

In addition to the Secretary of State and CDS, the new top structure would comprise four ministers for strategy and the three services and four four-star military appointees for the same four roles. The parts of the space industry already within the MoD should be added to the command of the Chief of the Air Staff and DG Nuclear would be replaced by the AWE Agency.

³⁶ Ministry of Defence, ‘How Defence Works’, 2020: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/920219/20200922-How_Defence_Works_V6.0_Sep_2020.pdf

³⁷ Navy Command, ‘Organogram of Staff Roles & Salaries’, 2022: <https://data.gov.uk/dataset/77fcc38e-dc40-4371-bd63-791612a0fa10/organogram-of-staff-roles-salaries/datafile/e8b7628b-893c-435c-8fd4-e4093bccdb37/preview>

The above analysis covers all the MoD published units but leaves nearly half of the 63,393 civilian staff unaccounted for, not to mention the deskbound military personnel. It is hard to see any security justification for concealing what these people do, and we should be told. The country would most probably be better defended without the MoD bureaucracy, but we need an explanation of the missing headcount to be sure. Meanwhile 28,682 civilian personnel (45% of them — see Appendix) could be safely saved or transferred. The conclusion is that we need the armed forces, and probably more of them, but we do not need the bureaucracy that is the MoD.

RECOMMENDATIONS

- The Defence Equipment and Support organisation, the Submarine Delivery Agency, the Safety Authority, the Defence Police, the Electronic Components Agency and the Single Source Regulations Office should be disbanded.
- The Defence Infrastructure Organisation, the Hydrographic Office and the Oil and Pipelines Agency should be privatised.
- Defence Business Services: Security vetting is mostly for 84 other government departments and should come under MI5.
- Taking care of veterans should be left to the Royal British Legion with pensions contracted out as other large employers do.
- Headcount numbers which carry no security risk should be published annually.
- Defence Business Services: Personnel, finance and library functions should be retained as an Executive Agency, albeit slimmed down.
- The top two layers of the current MoD (14 three or four star flag officers and their civilian equivalents) should be replaced by just the CDS plus, maybe, the Vice and/or Deputy CDS.
- The three museums and the Chelsea Hospital should become independent charities.
- Some 28,682 civilian personnel (45%) could be safely saved or transferred. The bottom line is that we need the armed forces, and probably more of them, but we do not need the MoD.

RECOMMENDATIONS FOR THE ENABLING ORGANISATIONS

NAME	STAFF NUMBERS	STAFF SAVED	RECOMMENDATION
Equipment and Support	12,136	12,136	Disband, suppliers should deal directly with armed forces
Infrastructure	4,900	4,900	Privatise
Business Services	?	?	Transfer veterans functions to the British Legion and security to MI5; HR, Finance and Admin to remain as an Executive Agency
Submarine Delivery Agency	1,915	1,915	Like procurement, leave to Royal Navy and suppliers
Digital Service Delivery and Operations	2,400	-	Transfer to Strategic Command; 2,400 staff but no savings envisaged
Science and Technology Laboratory	4,378	4,378	Transfer to BEIS/UKRI
Safety Authority	?	?	Close
Hydrographic Office	841	841	Privatise
Police	3,160	3,160	Close and transfer to RMP with police powers/local police forces
Defence Electronics and Components Agency	416	416	Close
Oil and Pipelines Agency	150	150	Privatise
Single Source Regulations Office	37	37	Like procurement, close
Museums and Chelsea Hospital	749	749	Should become independent charities
Total	31,082	28,682	