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of Defence

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1st December 2016

Dear General Brims

In my letter of 21 July, I said I would write to you again after I had taken some time to consider in detail the recommendations made in the External Scrutiny Team's 2016 report. Specific comments on each of the recommendations are at the Annex to this letter but I should also like to respond to some of the other observations the team has made.

Firstly, I should like to take the opportunity to thank you and the team again for the report. The independent scrutiny that you are able to bring to the Reserve Forces and the delivery of the Future Reserves programme is most welcome and is highly valuable to the MOD.

The report covers a year of continued growth in the strength of our Reserve Forces. In the year to 1 April 2016, 8,200 people joined the FR20 volunteer reserve, an increase of over 20% compared with the previous 12 month period. Trained strength as at 1 October stood at 30,580, which means we have almost reached the April 2017 target. The total strength of the Army Reserve increased by over 7% between October 2015 and October 2016 and the Army is confident that it will reach its trained strength target. The Royal Auxiliary Air Force have now reached their 2019 FR20 trained strength target and they are continuing to grow. We remain committed to our plan to create a trained Reserve force of around 35,000 by 2019 and we are on course to do so.

Reservists have continued to make a significant contribution to UK Defence operations worldwide. Some 870 reservists have been accepted into permanent service since October 2015, including to the "Train, Advise and Assist" mission in Afghanistan, as formed units in Cyprus and the Falkland Islands and in support of the UK Border Force's operations in the Mediterranean and around the UK.

I recognise and understand the team's concerns about the Army's Recruit Partnering Project (RPP). This is a critical programme, which has experienced considerable challenges and which has yet to deliver to full capability. It is a programme that we keep under close review at the highest levels. However considerable progress has been made to improve performance, both by the contractor, Capita, and by the Army and we will continue to review delivery and performance of this contract.

The report makes a number of recommendations relating to officer recruitment and training and I am pleased to say that we have made considerable progress in this area over the past year. The Maritime Reserve has now established its Accelerated Officer Programme (formerly Project HERMES) as routine business and is looking to expand its coverage nationwide. The Army's modular training programme is proving very successful and has been taken into the core Sandhurst programme. The Army is also considering how it might

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Enclosure

deliver officer training regionally. A number of other initiatives are also being pursued to put in place structures and programmes to provide enduring capability to meet the challenge of officer recruiting and training. I anticipate that we will see that these efforts are beginning to have a positive effect.

Culture change is, as I have said previously, an enduring challenge. I am reassured by the Team's comments on the progress that has already been made, but no-one would dispute that there is still much more to be done to embed the Whole Force ethos. Over the past few months, we have been developing a set of key indicators of culture change and we have put in place a process through which the Services will assess their progress against these indicators and provide evidence of progress to senior leadership in the Department. The new reporting tool will allow us to identify areas of real progress and to share examples of good practice as much as it identifies issues that still need to be addressed.

That said, we must not forget that one reason we need Reserves is because they can bring distinctive skills and expertise to the Armed Forces. So we also face a challenge to make sure that this expertise is respected and acknowledged as essential to delivering defence outputs, rather than being seen as a divisive factor. I firmly believe that there is a real commitment in all the Services to achieve culture change and work towards greater integration and interoperability. I am particularly grateful for the suggestions from the Team about areas we might explore further in this context.

The report also suggests that the MOD should carry out a review of employment terms to incentivise recruitment and provide more agility within a whole force approach to employment. The Reserves do, of course, already offer the Services considerable flexibility to attract the right people and respond to changing operational and business requirements. Reserve service can also attract people who are looking for a new challenge but who do not find the idea of joining the military full-time appealing. All the Services recognise the value of the flexibility afforded by the Reserves and are keen to encourage it. But we do recognise that there may still be barriers to promoting a continuum of service between the Regulars and the Reserves. We are working to establish exactly where the barriers exist and what could be done to minimise them.

I was interested in the observation that that the Further and Higher Education sectors might be promising areas for exploration in terms of Reserve recruitment. Our own research indicates that certain elements of the Reserves offer could be particularly attractive to students, including remuneration, opportunities to travel, learning new skills and improving their cases for employment and promotion. Work is in hand to consider how we might engage more effectively with the education sectors. We should, for instance, consider whether we could or should widen the scope of University Service Units to include those who might be interested in non-officer entry. This could certainly be attractive to those pursuing technical or vocational studies.

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Michael Fallon

THE RT HON SIR MICHAEL FALLON KCB MP

**RFCA EXTERNAL SCRUTINY TEAM
RESPONSE TO SPECIFIC RECOMMENDATIONS**

16.1. An urgent contract review of the Army Recruiting Partnership.

The Recruit Partnering Project performance remains under close and continual review. Ministers and officials at the highest levels of the Department are highly attuned to current performance and Capita are rigorously held to account through the performance management regime.

16.2. The Services undertake more granular analysis within their data gathering, to reduce the risk of specialist manning gaps in the final years of FR20 and beyond.

The Services have undertaken this type of analysis for some time. New entrants to the Maritime Reserve are not streamed into specialisms until after phase 1 training is complete, so specialisms can be managed in accordance with requirements. Trained entrants can also be used to fill particular specialist roles. The Army has detailed data available for key specialisms within the Army Reserve and the AMS capbadges, which provides granular detail of the current capability gaps. They are developing a Reserves Manpower Assessment Process which will provide a detailed projection of the Army Reserve by capbadge and rank. The RAF analyse data on a routine basis and use it when setting recruiting targets by Branch and Trade.

16.3. The high incidence of medical deferrals and time to resolution remain under close scrutiny in order to reduce both.

The Services now have access to much better data on the numbers of medical deferrals and the reasons for them. Exemptions from the standard entry requirements continue to be granted, where the Services are confident that this does not present an unacceptable risk when set against skills value. The medical process is kept under close scrutiny but no particular concerns are identified at present.

16.4. The Royal Navy and Army absorb recent innovations in officer Phase 1 training into their core officer development activity, as the issue will require sustained attention well beyond the timeframe of FR20.

Significant progress has been made on officer training over the past year. The Maritime Reserves' Accelerated Officer Programme (formerly project HERMES) is now normal business. The Army's modular Reserve Officer Commissioning Course is proving very successful and has been fully brought into the core Sandhurst programme. The Army is also looking to develop a "distributed" training programme to allow the regional footprint to deliver the Platoon Command and Tactics programmes. The newly established "Sandhurst CHAMPION" programme seeks to nurture prospective Army Reserve Officer applicants and there are regional Young Officer Development Advisors to provide support and assist Officer candidates with their applications and through the Commissioning pipeline.

16.5. Consideration be given to greater cross-pollination, shared practice and coordination between the three Services in the officer recruiting environment, particularly in the area of achieving greater penetration of the Higher and Further Education recruiting hinterland.

There are mechanisms in place that allow the Services to share examples of good practice in recruiting and selection. For example, the Accelerated Officer Programme was inspired by an Army initiative and the Army's decision to allow early attestation was taken following discussion with Navy staffs about their experience. Work is being undertaken by MOD to identify opportunities for more effective engagement with the Further and Higher Education sectors through development of the approach to University Service Units in order to support and sustain recruitment.

16.6. The Services keep under review the impact of losing Op FORTIFY enhancements (or Service equivalents) and, where appropriate to sustain recruiting beyond 2019, bring relevant elements into their core activity.

The RN and RAF have already built in enhanced staffing levels as an enduring arrangement. The Army Management Consultancy Service is conducting a review of Op FORTIFY manning enhancements to determine those that must endure in structures beyond 2020.

16.7. The Services examine units which have a significant young officer deficit to determine whether a poor proposition might be the cause and, if so, to assess whether it can be legitimately improved.

There can be various reasons for difficulty in attracting and retaining young officers, including unit location and outside pressures from work or family commitments. The Maritime Reserves are addressing their young officer deficit through the development and national deployment of the Accelerated Officer Programme. The Army Reserve is developing a reporting tool, with a view to identifying any potential 'poor proposition' and which units carry the highest gaps. The RAF has no significant concerns in this area. It is perhaps worth noting that in the Reserves Continuous Attitude Survey 2016, around 9 out of 10 reservists said life in the Reserves is about the same as they expected or better than they expected and more than three-quarters of volunteer reservists are satisfied with life in the Reserves in general, with similar levels of satisfaction being reported among Officers and Other Ranks.

16.8. The Army consider how the Royal Navy and Royal Air Force use their Reserves in order to develop a better understanding of potential use of Auxiliaries in the Army Reserve; and that such analysis helps shape policies for the future employment system.

The Army already employs reservists on an individual basis rather than as part of a formed unit or sub unit, for example in intelligence or cyber roles. There are no obvious barriers to the Army making more use of individual reservists if they believe this is the best way to meet particular operational or capability requirements.

16.9. The Army revisits the decision to withdraw LADs from Reserve units to create REME battalions.

The decision will be considered further as part of the work to refine the Army 2020 structure.

16.10. The manner in which Reserves can be routinely employed on national operations or for back-fill be revisited.

We have always supported the use of Reserves for national operations and backfill. It is up to Standing Joint Command (SJC) (UK), in conjunction with Service Commands, to determine the mix of Regulars and Reserves required for UK operations. We are actively working with SJC to identify any policy or process issues that may hinder the use of reservists and to remove these barriers wherever possible.

16.11. The Reserve narrative be reviewed to ensure it cannot be interpreted as intent to prevent use of Reservists for routine mobilisation and on national operations.

Our policy position has always been made clear through internal and external communications: Reserves will be utilised whenever it makes sense to do so, whether as individuals or in formed units or sub units.

16.12. Work on defining the Army Reserve officer career pathway be re-invigorated.

The initial implementation of the Reserve Officer Career Review (ROCR) recommendations has been driven by the Army Personnel Centre. This saw an uplift of 45 Army Reserve posts to provide appropriate Reserve Career Structures. The ROCR recommended follow-on phases for 4* and 3* Headquarters, which link to Army Command Review outputs. Initially the Army's Director of Reserves will lead on analysis of the further work required.

16.13 Defence reviews whether a more flexible range of employment terms should be considered, to better incentivise recruitment and to provide more agility within a whole force approach to employment.

In SDSR 15, we said that we would seek to develop a Flexible Engagements System (FES) which will "provide improved opportunities for Reservists to be employed in higher commitment jobs for which they have the knowledge skills and experience that Defence needs". FES is being led by the Chief of Defence People and supported by the single Services as a project within the Armed Forces People Programme. All Reserve Terms of Service are being examined by FES, including Full Time Reserve Service and the Additional Duties Commitment.

16.14 As options are considered for disposal of Regular estate, decisions are not taken before current or potential usefulness to Reserve capability-building has also been taken into account.

The Footprint Strategy has been developed to consider the best way to use the estate for the whole of Defence. The Strategy seeks to balance maintaining capability with managing the cost of the estate and with revenue generation. The principal aim of the Footprint Strategy is to provide a significantly smaller but better estate that is affordable to run, maintain and sustain. Decisions on basing and infrastructure will take the needs of Reserves into account as far as is possible and practicable within the aims of the Strategy.

16.15 MOD and the Services recognise incomplete cultural change will be the main impediment to FR20 delivery and long-term Reserve sustainability, and introduce specific measures to inculcate cultural change.

We agree that sustaining the changes being made through the Future Reserves Programme will depend on delivering a Whole Force culture in the long term. The development of a self-assessment tool for the single Services to use and report back to senior commanders will enable MOD and the single Services to identify areas of concern as well as areas of good practice.

16.16 The importance of localism for effective sub-unit command be addressed by simplifying systems where possible; providing adequate permanent staff support; and keeping training requirements at practical levels.

We agree in principle, while acknowledging that it will not always be practical or appropriate to offer command opportunities to part-time reservists. The Army is undertaking a number of initiatives to incentivise and improve command opportunities for reserve offices. Areas of recent improvement include:

- adjustments to Army Reserve Centre locations to attract membership from the local population;
- a project under 'Programme OLYMPIA' that seeks to provide a digital platform to the Army Reserve. This will reduce the administrative workload on the sub-unit, enable better flows of information, and promote remote working practises;
- manpower to support sub-units, including a number of Regimental Sub-Unit Support Officers;
- the Army Inspectorate has recently reviewed the Army's assurance processes and recommended a number of ways to reduce the burden on units and sub-units.