Meg Hillier MP,
Chair of the PAC
Sent electronically

Dear Chair,

SKILLS SHORTAGES IN THE ARMED FORCES

The formal reply to your report on Skills Shortages in the Armed Forces has recently been submitted in accordance with the Treasury Minutes process. In addition, I wished to provide you with a more detailed response to three questions where you asked for an update by December 2018.

You asked for an explanation of how we systematically use data to analyse the causes of pinch points trades and better understand the strain its demands are placing on regulars. We collect information each quarter from the single Services on how skills shortages are mitigated to maintain the delivery of Defence outputs and the extent to which that mitigation impacts on individuals. That “Pinch Point” information is reviewed by each Service and by Head Office, and is presented to the People Committee and Defence Board. This information allows us to understand common themes such as engineering shortages, and to look at underlying trends within the Services such as impact of recruitment shortfalls. Following the publication of your report we have commenced a review of how we collect and analyse Pinch Points data for both Armed Forces and Civilian personnel and how that information could be developed to provide greater insight. Separately, we have been investigating the scope for potential greater cross Service co-operation to resolve critical Pinch Points to maintain specific operational outputs such as the loan of Army and RAF personnel to mitigate shortages amongst RN chefs.

One of the benefits of collecting information on Pinch Points is that it highlights where cadres may be under pressure. We are very conscious of the welfare needs of the Armed Forces and closely monitor the impact on the individuals in areas where there are shortages. Each Service has plans to manage these concerns and the proportion of harmony breaches has
reduced across all Services and ranks for the last five years, reflecting the innovative approaches and proactive management of this issue by the Services.

You also asked about what has been done to increase the authority and powers of the Chief of Defence People. Roles and responsibilities within MOD Head Office, including those of the Chief of Defence People, are currently under review. This is expected to include further authority for the Chief of Defence People, so he is better able to set strategy and policy, assure delivery and manage change across the People Function. The intent is to maintain the basic principles of the Department’s delegated operating model, but to ensure that there is also more co-creation and collaboration between the single services and Head Office. This will include establishment of clear governance structures and criteria to determine if and when harmonisation of HR policy and process across the business is beneficial.

Finally, you asked us to provide an update on the potential to expand Commands’ innovative approaches, and how we overcome procedural barriers to increase the speed at which we can roll out initiatives when they prove successful. We have already committed Defence Innovation funding (circa £1.4M) to the Services to enable experimentation with novel approaches to recruitment and retention, and speed their implementation alongside current initiatives. This includes understanding how new capabilities require new and innovative personnel policies to ensure that we have the right workforce to meet Defence’s needs. We expect the increased role of the Chief of Defence People to facilitate the wider adoption of best practice across the Services.

We continue to progress a substantial workforce change programme to address recruitment and retention which has been underway since 2010, and which continues to be implemented. This programme includes: increased flexibility to work part-time or with a reduced deployment commitment; restructured Armed Forces pay system to better reflect market forces; targeted financial incentives for recruitment and retention; improvements to the recruitment process; a new approach to accommodation; opportunities to join in more Senior roles (lateral transfers); greater encouragement of re-joiners; inter-Service transfers in critical skills areas, and easier interchange with industry through the Enterprise Approach.

We will provide a further update on progress on the recommendations in the report in March 2019, as detailed in the Treasury Minutes response.

Yours sincerely,

[Signature]

STEPHEN LOVEGROVE