Dear Chair,

SKILLS SHORTAGES IN THE ARMED FORCES

The formal reply to your report on Skills Shortages in the Armed Forces was submitted in December 2018 in accordance with the Treasury Minutes process. Further to that update, we agreed to provide a further note on progress in March 2019, against the specific recommendations in your report.

1. Develop and implement a workforce strategy to close existing skills gaps

Work to develop a Defence People Strategy, including addressing skills shortages, is now proceeding in concert with the Defence Transformation programme, and it is aiming for publication by end 2019 and is set to guide future Defence planning activity. It will seek to recover critical skills shortfalls and build resilience and stability into the core human resources system, working across the employment lifecycle, to secure better future defence skills capability. It remains the primary driver of coherence for strategic people planning in defence out to around 2030, and it will be achieved, in part, by an internal process of People Transformation. This will look to address changing characteristics in the external environment (demographics, economic competition, political environment and technology), national security and the workforce.

We continue to tailor strategies for critical skills groups using a variety of targeted approaches to address the particular challenges of particular trades. These include: accelerated development programmes including apprenticeships; targeted “Golden Hello” payments; retention incentives; opportunities for re-joiners; and the opportunity for lateral entry. These individual interventions are complemented by retention positive efforts to improve the lived experience of Armed Forces personnel which include: increased flexibility to work part-time or with a reduced deployment commitment; restructured Armed Forces pay system to better reflect market forces; a new approach to accommodation charges; inter-Service transfers in critical skills areas; and, easier interchange with industry through the Enterprise Approach.
In addition, the single Services have initiatives which include: increasing the number of personnel in recruiting teams; improving candidate relationship management; specialist recruiting teams; streamlining entry criteria; reviewing and where appropriate revising medical standards; and, focus marketing via social media. The Department will also continue to look at new and innovative approaches to resolving shortfalls in critical capabilities.

2. Workforce related funding

Through the new People Transformation work, the Department is baselining the costs associated with the workforce, supported by the central Defence Resources team and including unit, volume and system costs. This detailed understanding will allow Head Office the data and understanding to hold the Services to account for their spending, balance of investment choices and how workforce funding is being used. This will be done through detailed scrutiny of Command spending plans and quarterly holding to account meetings, reinforced with Chief Defence People (CDP) now a standing member of the Performance and Risk Reporting process. People Transformation and the development of functional leadership in the People area will be used to identify, develop and promote best practice.

3a. Systematic use of data to analyse the causes of pinch points

The need to improve the capabilities and capacity to undertake People Analytics has been recognised as part of the People Transformation programme. CDP is working with the Single Services, Director Performance and Analysis, DSTL and other stakeholders on a range of projects to improve People analytics. A detailed review of the current Pinch Point definitions and methodology has also been undertaken and proposals for the development of the Pinch Point process are being considered by stakeholders. We expect this new approach to be introduced as part of the Performance and Risk Reporting reviews from Q1 2019/20.

3b. Develop a more structured approach to exit reviews

The People Research Group has co-ordinated work across the three Services to improve the gathering and sharing of information on Service Leavers. This has included coupling individual Leavers Surveys responses with outflow data from the Joint Personnel Administration portal to provide a robust, reliable data source to understand leaving motives in depth. This will establish a feedback mechanism for those personnel who have applied to terminate employment, allowing us to gain a better understanding of the factors influencing their decision. The Army have undertaken 44 interviews with those who have applied to terminate employment and 12 focus groups are being conducted with a breadth of personnel in the Field Army. This work will inform the design of a feedback mechanism which will enable Service leavers to provide honest and open feedback at an appropriate point in the leaving process.
The CDP Research, Policy and Evidence Team is working with Service occupational psychologists on how exit information can be more effectively captured, analysed and exploited across Defence. Results from this analysis should be available later in the year.

4. CDP authority and power

As part of Defence Transformation, the roles and responsibilities within MOD Head Office have been reviewed including that of CDP. Going forward CDP will have further authority to address critical skills shortfalls across the Services. The intent is to maintain the basic principles of the Department’s delegated Operating Model, but to ensure that there is more collaboration and collective problem solving among the Services, supported and guided by Head Office.

Ongoing work on the Operating Model for the Defence People Function includes establishment of clear governance structures and criteria to determine if harmonisation of HR policy and process across the business is beneficial. Recent progress includes the set-up of the Defence People Leadership Team (DPLT), chaired by CDP. Members of this leadership team include the 3-star personnel leads for the Front Line Commands as well as the 2-star Civilian HR Director. The role of the DPLT includes driving the delivery of the People Strategy across Defence and collectively addressing risks and issues, including but not limited to those called out in the recommendation regarding skills development. Standing up the DPLT is a key element of CDP’s approach to functional leadership, reflecting the broader functional agenda in the MOD and across government.

5. Assess the potential to expand Commands’ approaches to recruitment and retention

We continue to implement a substantial workforce change programme to address recruitment and retention issues which has been underway since 2010. The Armed Force People programme consists of a number of major elements including: a new approach to accommodation charges; increased flexibility to work part-time or with a reduced deployment commitment; a restructured military pay system; potential opportunities for lateral entry to more senior roles; active encouragement of re-joiners into critical skills groups; and, easier interchange with industry through the Enterprise Approach.

In addition, MOD has sought further proposals from industry on the scope for innovation as part of the CSA Innovation programme and several programmes are being evaluated. This work will be taken forward under People Transformation, which will also explore new initiatives to position Defence for the future.

Yours sincerely,

STEPHEN LOVEGROVE