Ministry of Defence

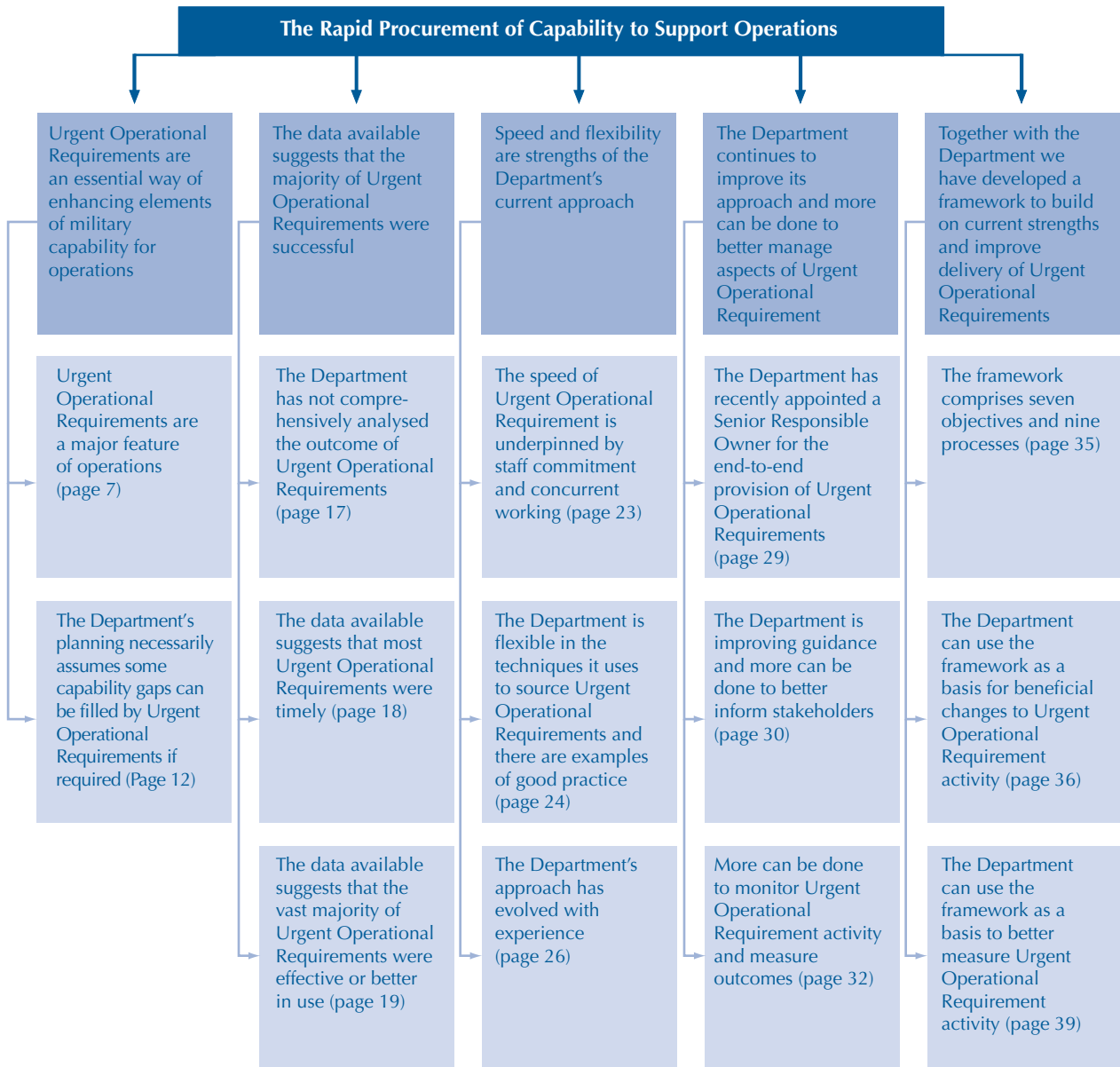# The Rapid Procurement of Capability to Support Operations

executive summary

1   The United Kingdom's Armed Forces can be asked to deploy anywhere in the world to undertake different types of operation, sometimes at very short notice. The Ministry of Defence (the Department) uses the Urgent Operational Requirements process to meet the additional capability requirements of specific operations. The process aims to provide speedy and flexible procurement of capabilities using a streamlined version of the Department's normal procurement procedures.

2   Urgent Operational Requirements are a major and increasingly important feature of today's operations and other countries procure capabilities urgently similarly to the United Kingdom. The varied nature of operations and operational environments that may be encountered and the different strategies that may be employed mean that existing capabilities often need to be enhanced to adapt to circumstances or new capabilities need to be procured rapidly to fill previously unidentified gaps. Given that the Department does not have the money to buy all the equipment it may need for all types of operations, it must therefore prioritise and have to work on the basis that it will have to fill some capability gaps by Urgent Operational Requirements.

On patrol near Basra

3   Urgent Operational Requirement activity is intermittent by nature and involves people from across the Department operating together in temporary new roles and relationships. Activity can be high volume and fast moving with large numbers of capabilities being handled in a short period depending on the intensity and stage of operations. Individuals need to understand and act quickly, working effectively with others, which demands clear information and communication and strong leadership.

4   This report examines how successfully the Department procures Urgent Operational Requirements, including how well Urgent Operational Requirement activity is managed. **Figure 1** shows how the issues are analysed in the main body of the report and Appendix 1 provides details of our methodology. The following paragraphs summarise our main conclusions.

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1 The Report Sructure

The Rapid Procurement of Capability to Support Operations				
Urgent Operational Requirements are an essential way of enhancing elements of military capability for operations	The data available suggests that the majority of Urgent Operational Requirements were successful	Speed and flexibility are strengths of the Department's current approach	The Department continues to improve its approach and more can be done to better manage aspects of Urgent Operational Requirement	Together with the Department we have developed a framework to build on current strengths and improve delivery of Urgent Operational Requirements
Urgent Operational Requirements are a major feature of operations (page 7)	The Department has not compre-hensively analysed the outcome of Urgent Operational Requirements (page 17)	The speed of Urgent Operational Requirement is underpinned by staff commitment and concurrent working (page 23)	The Department has recently appointed a Senior Responsible Owner for the end-to-end provision of Urgent Operational Requirements (page 29)	The framework comprises seven objectives and nine processes (page 35)
The Department's planning necessarily assumes some capability gaps can be filled by Urgent Operational Requirements if required (Page 12)	The data available suggests that most Urgent Operational Requirements were timely (page 18)	The Department is flexible in the techniques it uses to source Urgent Operational Requirements and there are examples of good practice (page 24)	The Department is improving guidance and more can be done to better inform stakeholders (page 30)	The Department can use the framework as a basis for beneficial changes to Urgent Operational Requirement activity (page 36)
	The data available suggests that the vast majority of Urgent Operational Requirements were effective or better in use (page 19)	The Department's approach has evolved with experience (page 26)	More can be done to monitor Urgent Operational Requirement activity and measure outcomes (page 32)	The Department can use the framework as a basis to better measure Urgent Operational Requirement activity (page 39)

5 The Department procured 312 Urgent Operational Requirements to support the preparation and warfighting stages of recent operations in Iraq[1] and Afghanistan at an approved cost of £658 million. Enhancements to existing capabilities provided through Urgent Operational Requirements ranged from fighting and defensive equipment, such as light machine guns and enhanced armour protection, through to supporting capabilities such as temporary accommodation, communications and medical supplies. The Department has so far decided to retain 44 per cent of Urgent Operational Requirements procured for the operation in Iraq and continues to consider whether others should be retained.

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1   For the purposes of our report 'operation in Iraq' refers to Operation TELIC, defined as the United Kingdom deployment, warfighting and initial transition to peace enforcement. It is recognised that the main Peace Support phase of Operation TELIC is still ongoing and Urgent Operational Requirements continue to be procured in support of it.

6 For the ongoing operation in Iraq, at its height, spending on Urgent Operational Requirements accounted for 35 per cent of expenditure on the preparation and warfighting stages, with most enhancing fighting equipment capability. Just less than a quarter of Urgent Operational Requirements filled unforeseen capability gaps. A third filled identified capability needs where the Department had decided not to fill them in advance, and the cost of these Urgent Operational Requirements equated to approximately 2 to 3 per cent of the some £6 billion spent each year by the Department on the procurement of equipment.

7 That the outcome of the operation in Iraq was successful is one indicator that Urgent Operational Requirements were successfully procured to support it. We found that analysis of the outcome of Urgent Operational Requirements is fragmented and the Department has not comprehensively analysed outcomes for all Urgent Operational Requirements for the operation in Iraq. The Department uses reporting by exception and has not attempted to centrally capture, consolidate and analyse data. Consolidated outcome data was available for just over half the Urgent Operational Requirements procured. Our analysis based on this data showed that two thirds of these Urgent Operational Requirements were delivered on time. Three quarters were finally deployed and used and virtually all of these were assessed as effective or better.

8 The Department has evolved its approach to managing Urgent Operational Requirement activity with experience and, working jointly with the Department, we have developed a framework for continuing developments to further improve management and delivery.

9 Some Urgent Operational Requirements for the operation in Iraq were delivered with impressive speed. This reflects massive commitment by staff in the Department and in industry and a flexible approach. The Department has also shown impressive ingenuity to deliver more customised solutions through approaches other than off-the-shelf purchases, such as leasing. Learning from experience with previous operations, the Department introduced improvements to its approach for the operation in Iraq such as better prioritisation of Urgent Operational Requirements and an operations centre to co-ordinate delivery to Kuwait.

10 The Department continues to improve its approach, and has recently appointed a Senior Responsible Owner to strengthen leadership of the end-to-end provision of Urgent Operational Requirements and is improving its guidance. The role and mode of operation of the Senior Responsible Owner are still being defined, but he will have responsibility for the co-ordinated and successful delivery of urgent capabilities and will operate by influence, with limited direct managerial or budgetary authority. Much will depend on the ability of the Senior Responsible Owner to wield this influence effectively. During the height of Urgent Operational Requirement activity for the operation in Iraq, the Department collated key information quickly, providing weekly updates to Ministers. However, weaknesses remain in the management information available to provide everyone involved with a complete and common picture of the progress of Urgent Operational Requirements and to measure outcomes. The Department is looking at how it can improve in this area.

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11   For large scale operations such as those in Iraq, most Urgent Operational Requirements are funded through the Reserve managed by the Treasury. In certain circumstances such as where an existing funded programme is accelerated, the Treasury may seek reimbursement from the Defence budget of money advanced from the Reserve. On this basis, the Department have now agreed with the Treasury a £110m refund to the Reserve to cover the recent operations in Iraq.

2   Recommendations[2]

NAO Recommendation	Implementation Benefits	Implementation Status
1. Apply lessons from the procurement of capabilities through Urgent Operational Requirements more widely, for example flexible procurement and rapid competition techniques (Para. 3.8)	■ improved agility through added speed and flexibility from the normal procurement process	The Department is considering how best to transfer lessons to wider procurement practice and the Acquisition for Network Enabled Capability project has started to roll out amended procurement processes.
2. Strengthen leadership of the end-to-end provision of Urgent Operational Requirements. (Para. 4.4)	■ provides a focus for highlighting achievements and driving forward improvements	'Quick Win' - already implemented. Senior Responsible Owner appointed - role and mode of operation being defined.
3. Better inform stakeholders about the end-to-end provision of Urgent Operational Requirements, including the processes and activities involved and the roles and responsibilities of different stakeholders. (Para. 4.8)	■ all processes explicitly recognised and understood by stakeholders ■ basis for knowledge management and process improvement ■ reduced reliance on personal knowledge and experience ■ reduced disruption when personnel change	'Quick Win' - revised end-to-end guide on the provision of Urgent Operational Requirements expected to be issued around the end of 2004. Further definition of processes to be considered and implemented as appropriate in the next 12 to 24 months.
4. More comprehensive capture of lessons learned from individual Urgent Operational Requirements through: ■ a focused post-operation review process to identify factors affecting successful outcomes in terms of cost, time and operational effectiveness; and ■ looking at practice in other industries and countries. (Para. 5.10)	■ continuous improvement of Urgent Operational Requirement cost-effectiveness ■ continuous improvement in speed of delivery	Options for post-operational review to be considered and implemented as appropriate in the next 6 to 12 months.
5. Introduce outcome measures and performance indicators to monitor achievements and drive improvements, for example: ■ outcome measures of timeliness of delivery and effectiveness in use; and ■ performance indicators of process efficiency, such as time to pass through different stages. (Paras. 5.11 to 5.16)	■ improved understanding of whether Urgent Operational Requirements are performing successfully ■ basis for more clearly defined reporting of performance ■ more transparent internal and external reporting of performance ■ improved internal and external accountability ■ facilitates continuous improvement	The Department is considering whether appropriate measures and indicators should be developed and Implemented in the next 6 to 12 months. A key consideration will be that the measures drive improvements and do not hinder the process through excessive reporting.

2   In considering these recommendations, the Department's view is that a key consideration will be that implementation of them should not hinder the Urgent Operational Requirements process.

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12 Together with the Department, we have developed a framework of objectives and processes which supports further improvements to the management and delivery of Urgent Operational Requirements. This is based on the practical experience of staff across the Department. Using the framework and our wider analysis presented in this report, we have identified beneficial changes. Our recommendations are summarised in **Figure 2** together with the benefits of implementing them and an indication of the Department's timescale for implementation. The recommendations focus on building on the current strengths and achievements of the Department's approach to Urgent Operational Requirement provision. The Department has already implemented some 'quick wins' and is positively and constructively looking at the benefits of full implementation of our recommendations.

NAO Recommendation	Implementation Benefits	Implementation Status
6. Make information on Urgent Operational Requirements more complete, accurate, coherent and accessible by: ■ assigning clear responsibilities for the maintenance of authoritative sources of information; ■ maintaining a flow of consistent and up-to-date information between the sources; ■ more clearly defining stakeholder information requirements; ■ defining and communicating to stakeholders how their requirements will be met; and ■ moving towards a shared data environment as technology and resource permits. (Para. 5.8)	■ complete and accurate information on all Urgent Operational Requirements ■ clearer and quicker identification of Urgent Operational Requirement progress ■ easier and more visible prioritisation of Urgent Operational Requirements ■ better informed, timely action to resolve difficulties ■ quicker, more consistent and accurate accounting for Urgent Operational Requirements ■ reduced duplication of information ■ less time spent seeking information	Implementation in next 12 to 24 months. Joining up data sources into shared data environment dependent on technology and resources available.
7. Consider whether identifying potential Urgent Operational Requirements in advance for possible major operational situations would improve how rapidly and effectively they are delivered, by: ■ considering this within the ongoing defence industrial policy and strategy work; ■ use of capability gap lists to identify Urgent Operational Requirements in advance of Operations; ■ where considered worthwhile, preparing proposals for potential Urgent Operational Requirements to clarify requirements and assess them for feasibility; and ■ further investigation of the potential for platforms to have capabilities added to them quickly and how to provide for this. (Para. 5.10)	■ better understanding and management of risks taken against the equipment plan that may be filled through Urgent Operational Requirements ■ shortened preparation time when Urgent Operational Requirements are needed ■ avoidance of delays or difficulties due to requirements being unclear or unable to be met in the required timescales ■ reduced risk of different Services duplicating requirements	Some advanced planning already happening in pockets. Wider implementation to be considered and implemented as appropriate in the next 12 to 24 months.

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