CHAPTER 3

PERSONNEL PLANNING AND COSTING

(Sponsor: NAVY PEOPLE-PSP Plans Demand SO1)

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CHAPTER 3

PERSONNEL PLANNING AND COSTING

SECTION 1

REGULAR PERSONNEL

0301. General Workforce Policies

a. This part describes the process of personnel planning and explains how the Workforce Requirement (WFR) is derived and how Strength is matched to meet the requirement. Career progression and Profession structures have to be taken account of in this process, which require a detailed knowledge of the personnel characteristics in each specialisation, rather than relying on a 'one size fits all' approach. Current and future workforce policies have a big impact on this work. The aim is to ensure that suitably qualified officers and other ranks are available to meet the requirements of the Service in peace and crisis within allocated resources and, at the same time, offer rewarding careers that will encourage retention.

b. The methodology for this is through utilisation of HMG compliant Forecasting Models that compare the current and future WFR, i.e. the ‘Demand’, with projections of the Trained Strength, the ‘Supply’. Both Supply and Demand are developed, based on set assumptions and variable ‘Workforce Control Levers’; these can be categorised as Inflow, Throughflow and Outflow. The categories include but are not limited to are Gains to Trained Strength (GTS), Sideways Entry, Promotions, Extended Career take up and realistic Voluntary Outflow forecasts (See Para 0307).

0302. Workforce Requirement (WFR or Demand) and Strength (Supply)

a. The number of trained people the Service needs in uniform at any one time is set by the WFR. In general, this refers only to active Service (‘Regular’) posts. Volunteer Reserves (RNR and RMR) have separate WFR managed by CMR and the Reserves Strategic Planner/Professions Manager.

b. The number of trained Regular Service personnel who can be deployed to satisfy the Workforce Requirement is known as the Trained Strength (TS); the Trained Strength is sustained by those undertaking initial training in the Untrained Strength (UTS).

c. The WFR comprises the two key elements shown in Figure 3-1. In simple term, these are the sum of all ‘Workforce Requirement Driving’ Positions in Establishments/Units that are marked as counting towards Workforce Requirement plus allowances (Margins). Margins are utilised because there are occasions when, for a variety of reasons, the Trained Strength will always include some people who are not available for filling normal WFR driving positions.

Figure 3-1. The Workforce Requirement

WORKFORCE REQUIREMENT	
Establishment positions counting towards Workforce Requirement (Workforce Requirement Driving)	**Allowances** eg. Workforce Resilience and Training Margin (WRTM)

d. Each of the Armed Forces has a Workforce Requirement Baseline (WRB) set by Department of State (DoS) at the conclusion of every Strategic Planning Cycle (SPC). The WRB articulates the endorsed Trained Strength (i.e. Regular and Full Time Reserve Service personnel in Regular positions) requirement for each Service and is linked to Control Totals (CT) (see Note). The WRB will be issued via the Defence Workforce Planning Instruction (DWPI) at a necessary cadence to meet Defence Strategic Workforce Planning timelines. Whilst there is no longer a structural headmark ceiling, the WRB acts as a stringently adhered to baseline ensuring the RN recruits, trains and promotes sufficient SQEP to meet Defence requirements.

Note. *Under Defence Reform and the People Operating Model, Military Commands no longer receive a portion of CT specifically assigned to Workforce rather it is part of the overall settlement given to each of the four areas i.e. DoS/MSHQ/DNE/NADG.*

e. A number of tasks and activities need to be undertaken by Service personnel in addition to filling those Positions that count towards the WFR; these do not drive WFR and include Temporary Positions, activated Crisis Positions and Augmentation tasks such as loans to other units for short periods for extraneous events, e.g. major exercises, ceremonial duties or military tattoos. The sum of these positions **cannot be used** to justify a growth in Strength.

f. **Margin Workforce Requirement.** This is the allowance provided in the total WFR for predictable and planned use of the Margin that needs additional personnel to be grown. The Margin WFR is defined as a single Workforce Resilience and Training Margin (WRTM) entity; Margin usage is sub-divided into two categories: Training Margin and Workforce Resilience Margin. A full explanation of these is at Annex 3B.

g. **Establishments.** Full information on Workforce Change Management and WRTM is provided in Chapter 2.

0303. The Live Workforce Requirement

The sum of all Positions counting towards WFR plus the WRTM allowance is called the Live Workforce Requirement. Once produced, it shows the requirement for trained personnel at each rank level within every specialisation monthly for the next 10 years. The Live Workforce Requirement is the responsibility of Deputy Director People Strategy (DDPS) and is updated continuously in JPA by the Director Personnel and Training (Dir P&T) Workforce Change Management (WCM) team.

0304. The Planning Workforce Requirement

a. Whilst the Live Workforce Requirement is used for Career Management, it cannot be used, in isolation, for workforce planning. Therefore, the Live Workforce Requirement is subjected to adjustment by Strategic Workforce Planning staff. The result, known as the Planning Workforce Requirement (still referred to as PL; 'Planning Liability' for ease) (see Note), takes account of known and anticipated changes in the Workforce Requirement such as SPC options and Navy Command choices, and provides a corporate aiming point which inevitably includes a level of risk which Navy Command is prepared to accept. The PL will therefore contain adjustments at risk made in anticipation of future agreed options. Examples of measures include assessments of the impact of changes to organisations, the Equipment Programme, Partnering, Private Finance Initiatives (PFI), contractorisation and Planning Round Options and Choices. The result is used as the basis for planning the future requirement for officers and ratings by rank/rate, profession and specialisation. This is illustrated in Figure 3-2 (not to scale) and the sequence is as follows:

> ***Note.*** *'Planning Liability' is defined within the Tri-Service Workforce Lexicon as 'A derivation of 'Demand' that takes account of anticipated (but not authorised) changes'.*

(1) The first adjustment is the addition of all known and agreed programme measures (specified in detail) which are planned to occur during the 10-year planning period but which have yet to be reflected in the relevant Workforce Programme of Record e.g. JPA/DefHRS

> ***Note.*** *The Defence Human Resources Service (DefHRS) will replace JPA at a DTBC. It will include all JPA functionality and will look to combine all Defence Workforce types under one architecture.*

(2) Anticipated changes over the 10-year planning period are incorporated, such as may result from reorganisation, contractorisation, SPC Options and Choices.

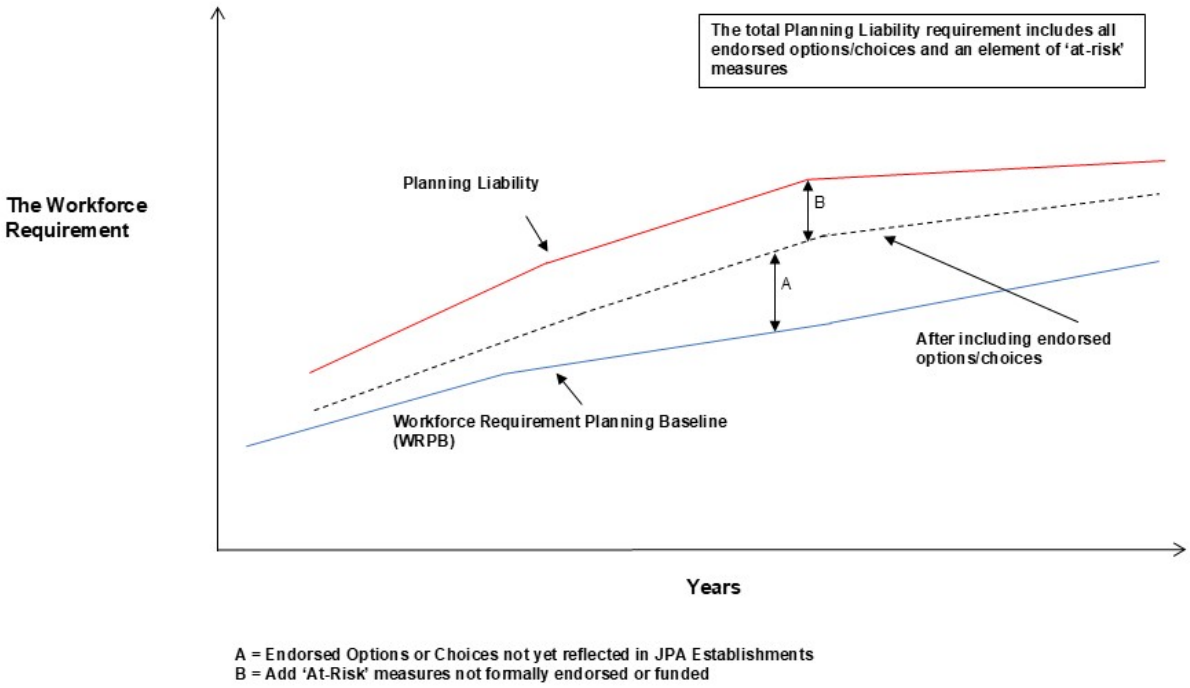
(3) An element of risk may be added by the PPO to reflect realism, taking account of historical trends and experience. The result is the 'unsmoothed' PL which includes details such as the various measures, Organisation/Position Name and Military Command.

(4) Finally, the 'unsmoothed' PL is smoothed by Rank/Rate, Profession and specialisation only to remove sudden peaks and troughs.

b. The resultant 'smoothed' PL is used by Strategic Workforce Planners to prime Analysis (Navy) Workforce modelling tools (see Para 0306 sub para c) so they can decide what targets need to be set for the growth of the right numbers of trained personnel (the Trained Strength (TS)), broken down by rank/rate, Profession and specialisation in the same way as the Workforce Requirement. It is important that the 'smoothed' Planning Liability is at or below the WRB; in simplistic terms, any WFR above the endorsed WRB is funded at risk, which means there is direct onus

on all Military Command to ensure they have sufficient funding for the forecast strength. The principle of "*Plan to requirement, fund to forecast strength*" should be adopted.

Figure 3-2. Workforce Requirement and Planning Liability



c. While the upkeep of the Live Workforce Requirement (in JPA) is a continuous process, the PL is formerly generated in Mar/Apr for the Annual Workforce Modelling process; exact timings being determined by the demands of the SPC Planning Round. Following each issue of a new PL and subsequent modelling by Defence Statistics (Navy) (DS(N)), it is possible to update workforce levers, such as recruiting targets and promotion numbers.

d. To support any Ad hoc Workforce Modelling demands the Strategic Workforce Planning team will iteratively monitor the requirement to generate an updated PL where significant change is highlighted.

0305. Matching Workforce Requirement and Strength

a. The aim of the 'People System' is to match continuously the requirement with an equivalent Trained Strength having the correct mix of rank/rate and skills. The aim is to achieve a Trained Strength within +1% and -2% of the Workforce Requirement at the global level; termed as 'In balance'.

Note. *The 'People System' is the collective term that describes the delegated authority and processes owned and delivered by the Directorate of People and Training (Dir P&T).*

b. The challenge is to improve the match between Workforce Requirement and Strength when the former is vulnerable to rapid and frequently ill-defined change (as employers amend their Establishments) and the latter is only able to react much more slowly as people enter, move through and exit the system.

c. Management of the Workforce Requirement is covered in Chapter 2, for Establishments, and Annex 3A for Margin Management of the Trained Strength is the output of Personnel Planning.

0306. Management of the Trained Strength

a. Managing the size of the Trained Strength to match the WFR aims not simply to achieve an overall balance of total numbers, as this could also accommodate surpluses in one category that are balanced by deficits in another. The ideal match is pursued by understanding and measuring the impact of factors that affect the size of the Trained Strength, some of which have an effect in the short and medium term, and others have longer-term effects. Discussed in more detail later in this Part, these factors are as follows:

(1) Gains to the Trained Strength (GTS) (Para 0307 sub para b);

(2) Promotion numbers (Para 0307 sub para d);

(3) Commission Transfers (officers) and Engagement Transfers (ratings/other ranks (ORs)); (Para 0307 sub para e)

(4) Flows from rating/OR to officer (Para 0307 sub para f);

(5) Profession and specialisation transfers (Para 0307 sub para g);

(6) Acting Higher Rank use (Para 0307 sub para h);

(7) Extensions of Service (Para 0307 sub para i);

(8) Re-entrants (Para 0307 sub para j);

(9) Voluntary retirement/release constraints and influences (Para 0307 sub para k);

(10) Financial Retention Incentives (Para 0307 sub para l);

(11) Commitment bonuses;

(12) As a last resort, Directed Early Retirement and Redundancy (Para 0307 sub para m).

b. Other factors that affect the numbers of Trained personnel available include:

(1) Wastage other than Voluntary Outflow (VO), primarily including Discharges (Medical, Welfare, Services No Longer Required, Death). There is little scope for control of these factors.

(2) Reservist Service, primarily Full Time Reserve Service (FTRS), Additional Duties Commitment (ADC), Mobilisation and Recall. These are controlled at the tactical level by Dir P&T. JSP753 (Mobilisation), and Chapter 59 give more details.

c. **Planning Models.** Because the WFR changes with time, a forecast of how the Strength will change with time is also required. The future Strength is forecast by modelling techniques that look at past, current and predicted inflow and outflow rates and promotion/transfer numbers to predict the numbers that are likely to be delivered to each Profession and specialisation at each rank. These are then compared to the future WFR to derive recruiting targets and other personnel regulators. The DS(N) Officer and Rating Planning Models are the prime tools for managing the size of the Trained Strength. As with any forecasting process, the result is only as accurate as the information from which it is derived. The models are particularly susceptible to changes in the WFR, wastage and inflow from New Entry Training. In recognition of this, the models are run annually with an option to re-run on an Adhoc basis where significant change to supply or demand assumptions occur. The assumptions that underpin the models are agreed for each modelling round between Strategic Workforce Planners, Profession Managers (PM) and DS(N), following extensive detailed scrutiny. Annex 3C provide details of how Demand and Supply assumptions should be derived.

d. Profession/Specialisation structures are hierarchical and remain generally bottom fed, in the short to medium term; to achieve the required volume. This means that careful consideration has to be given to ensure that the requirement at the upper levels can be achieved and sustained in the long term by sufficient, but not limited to, input at the bottom, given the projected attrition of personnel in the years after they join the Trained Strength. This is demonstrated by using a Sustainable Experience Profile (SEP), generated on request only, which illustrates whether the future demand can be met and whether a Profession is ultimately sustainable. Generally, it is accepted that there must be a progressively smaller requirement for the higher ranks than the lower ranks, however, the actual sustainable ratio is unique to individual specialisations and will depend on flow rates and 'length of service' at each rank.

0307. Personnel Strength Control Mechanisms ('Workforce Levers')

a. **The Supply and Growth of Personnel.** Historically, the skill and experience required of most Naval personnel has demanded that they be grown from the lowest level. However, there have always been some areas where this is not the case and work is in hand to explore the potential for increasing the number of these categories. Current examples of categories that do not fall within the 'bottom-fed' mould include In Service Commissioning Schemes and Lateral Entry specialisations. Introduction of the Haythornethwaite Review of Armed Forces Incentivisation (HRAFI) recommendations for Flexible Workforce careers will expand the scope of Inflow schemes. Despite these current and potential future exceptions, most officers and ratings join at the bottom of their structures, within flexible but set age limits, and remain for as long as their commission or engagement allows while progressing up the rank scale. Education and training to satisfy the requirements of rank, specialisation and specific sea going positions is provided, and individual

careers are managed by Career Managers (CMs) to provide a broadening of experience within the rank and capability of each Service Person. In the future this will include but not be limited to growing the supply focused of skills too.

b. **Gains to the Trained Strength (GTS).** The numbers of trained officers, ratings and other ranks each Profession and specialisation requires to be introduced on to the Trained Strength is determined by People System, taking account of the training pipeline capacity. The number of personnel that should be recruited to meet the required GTS is determined subsequently by the Training Pipeline Manager (see Para 1102).

c. **Promotion to Workforce Requirement.** Promotion is the key regulator used by People System to keep the Trained Strength of the Service at the correct levels to meet its commitments within its personnel budget. Therefore, given the modelled future Strength at each rank, officers and ratings are promoted to meet the WFR. As the WFR changes, so too will the numbers and specialisations of those required to be promoted. For officers and most ratings, the basis of promotion is selection on merit through a Selection Board process.

d. **Promotion Targets.** These are determined by the Strategic Workforce Planners, guided but not solely determined by DS(N) Planning Model outputs; consultation with each Professions Manager and CM is critical. The Maximum Authorised Numbers (MAuNs) are based on the current and future Strength and WFR, with agreed assumptions on future inflows and outflows, and (for officers) smoothed over the subsequent years to reduce large year-to-year fluctuations. The MAuNs are then used by Promotion Boards to control promotion numbers.

e. **Commissions, Careers and Engagements**

(1) **Commissions.** Officers' career progression will be linked to changes in commission. Figure 3A.1 shows how that progression will occur; most Lt RN/Capt RM will follow a path to Lt Cdr/Maj on a Career Commission Stage (CCS) and then transfer to FCS from there (for further details see Paras 4901-4903). As with promotions, the number of Commission transfers is set by the Strategic Workforce Planner (Officers), where 'Auto Transfer' is not achieved by meeting a specified criteria, guided by DS(N) Planning Model outputs together with consultation with each Professions Manager and CM. The MAuNs are established at levels to maintain Strength within endorsed WFR at each rank and are implemented by Commission Transfer boards.

(2) **Careers and Engagements.** Other Ranks are selected for Engagement Transfers against a quota for each profession/specialisation. The aim of the quota system is to ensure, as far as possible, that the requirement for Senior Ratings/SNCOs can be met without undue delay to the average length of service on promotion. The detailed calculation of quotas is carried out by Professions Managers using the Ratings' Planning Models as part of the annual planning round. The calculated quotas are passed to Strategic Workforce Planners for use by the Engagement Transfer Selection Board (for further details see Paras 4922-4925).

f. **Promotion from Other Ranks to Officer (PtO).** The number of places available for In Service Commissioning Schemes at BRNC and CTCRM respectively is determined annually for all Professions/specialisations by Strategic Workforce Planners in consultation with Professions Managers and forms part of the overall GTS. Details of the promotion process are in Chapter 50.

g. **Profession/Specialisation Transfers.** Movement between Professions or specialisations, which includes Lateral Entry, affects the Trained Strength in the supplying and receiving category. Strategic Workforce Planners set the planning assumptions for Professions Transfers annually and co-ordinate the transfer process. Officer transfers are considered on a case-by-case basis.

h. **Acting Higher Rank (AHR).** AHR is not normally used as a workforce regulator, although it does naturally affect the numbers of personnel available to fill posts in each rank and it may need to be limited to specific cases if necessary to avoid breaching Defence Planning Ceilings (for further details, see Paras 6503,6914-6916) Approval for AHR (for the duration of one assignment and no longer than 36 months) can be granted by CM. Any application where it is suspected a deviation from policy may be occurring is not to be approved without consultation and agreement from WFPM (for further details see paras 6648-6653).

i. **Extensions of Service.** Approval of 'Full EoS' (for the duration of one assignment and no longer than 36 months) can be granted by CM. Any application where it is suspected a deviation from policy may be occurring is not to be approved without consultation and agreement from WFPM. Such activity will be captured by Professions Managers in preparation for Workforce Modelling.

j. **Re-entrants.** Recruitment and Attraction (R&A) will process all officer and rating/OR re-entrant candidates to both the Trained and Untrained Strengths. Staffing will include relevant Professions Manager input. The individuals' experience and rank will be considered together with the state of the specialisation which they wish to re-enter.

k. **Voluntary Outflow.** Voluntary Outflow (VO) through early termination to leave the Service is a regulator over which Professions Managers have little control, but which is nevertheless closely monitored and projected forward, to inform the planning models. It is most influenced by Conditions of Service, career expectations, domestic pressures and civilian employment conditions. Personnel policy can therefore exert an influence on the rates of uptake, generally in an un-targeted manner, but CMs may decide not to approve requests for VO withdrawal, drawing on advice from Strategic Workforce Planners. When necessary to avoid exceeding funded personnel levels, approval of requests for VO withdrawal may be restricted to those requests that would help relieve Workforce Capability Gaps *(WCG*) or for specialisations that are predicted to be significantly under borne.

l. **Financial Retention Incentives (FRI) and Re-Joining Bounties (RJB).** FRI and RJB measures are available for selective use, with necessary higher approval - normally Ministerial or PPO - and last for a clearly defined, short period. They aim to encourage personnel to continue serving or to re-enter the Service, respectively, where a severe and damaging shortage exists. Strict controls are placed on eligibility for such an award, and individuals are targeted in very discrete groupings by age, seniority and/or length of service to offset the precise area of shortage. The introduction of each measure will be announced by signal and DIN and full details may be found in JSP 754 Chapter 5 Section 21.

m. **Redundancy and Directed Early Retirement (DER).** In the event of the Trained Strength exceeding the requirement and when all other means of regulation have been unable to contain the surplus, redundancy may be considered. Due to the cost, loss of expertise and the detrimental impact upon Service cohesion, redundancy is only ever considered as a last resort. Approval at Ministerial level will always be necessary before initiating a programme. Details of compensated compulsory retirement, known as Directed Early Retirement, may be found in JSP 764 Part 6 Chap 1.

0308. Factors Affecting Target-Setting in Personnel Planning

a. It is recognised that personnel generally ‘flow’ up through the Service rank structure. Furthermore, growth and development of suitably qualified and experienced personnel (SQEP) is a medium-to-long-term activity. Therefore, changes in target numbers must be carefully judged to ensure that their effect meets the required timescale.

b. **Smoothing.** To maintain a spread of personnel lengths of service within the Trained Strength, it is necessary to maintain a certain level of recruiting, even when the outflow is being increased by suppression of EC or by Directed Early Retirement/redundancy.

c. **Time in Rank.** The rate of flow up the system, determined by length of time in a particular post or rank can be adjusted. The shorter the time in rank, the fewer posts in that rank are required to be filled in a sustainable system.

d. **Reserve Service.** Full Time Reserve Service (FTRS) and Additional Duties Commitment (ADC) (the part time equivalent of FTRS) are filled by ex-regulars (RFR) and Royal Naval/Royal Marines Reserves (RNR/RMR). FTRS and ADC can be used to relieve Workforce Capability Gaps or where a specialisation is significantly under borne (subject to constraints from FTRS Authorised Numbers (AUN). The decision on whether to approve an FTRS request will draw on advice from other Professions Managers and the Strategic Workforce Planners. An AUN may be applied by Dir P&T, planning for a set amount of FTRS/ADC usage to ensure that the combined total of personnel on FTRS and in the (Regular) Trained Strength is affordable and does not exceed the WFR. Personnel Planning targets will take any FTRS AUN and decisions on the award of FTRS commitments into account but will ultimately aim to meet the full WFR with regular personnel. More details on FTRS and ADC are contained in Chapter 59 and BRd 3(2) Chapters 18 and 19.

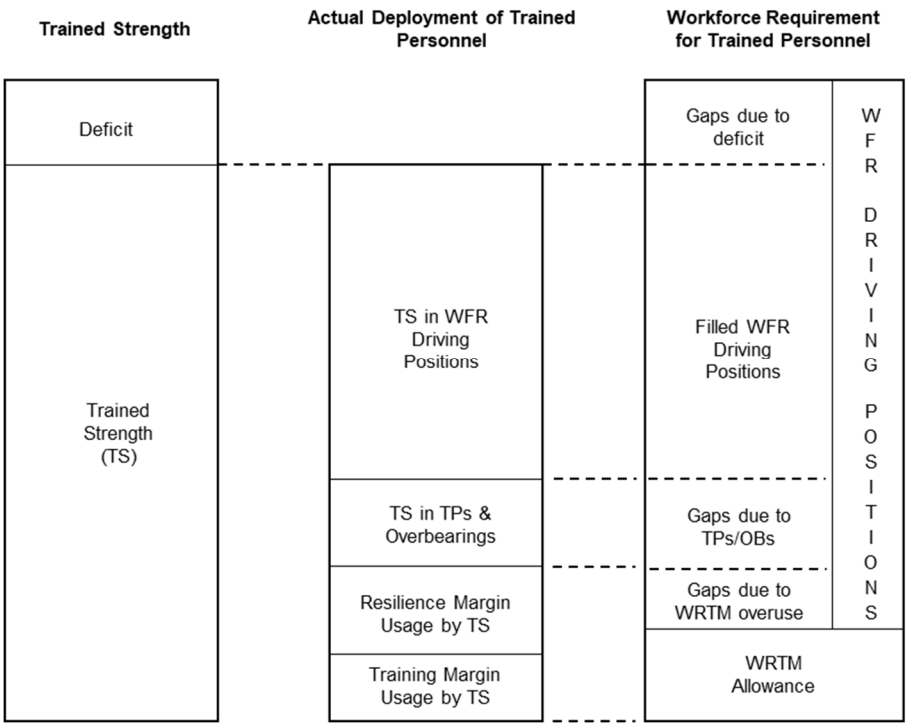
e. **Wastage Other Than Through Notice.** Rates of discharges for reasons outside the control of the Service are carefully monitored and placed as an assumption in the Planning Models. These rates are consistent and low. Medical discharge may be directed by RN Medical Employment Boards (RNMEB), following RN Medical Boards of Survey (RNMBOS). Run monthly, except in August, December and April, these boards assess the suitability of permanently downgraded personnel for further employment in the Service. A detailed description of regulations and procedures may be found in BRd 1991 Chapter 8.

f. **Return of Service.** A return of service applies for many courses in recognition of the investment made in the individual. Promotion does not carry any return of service. Chapter 53 contains detailed regulations. In view of the relatively frequent changes, it is recommended that recent DINs and RNTMs are also scrutinised.

0309. Gapping and Workforce Capability Gaps (WCG) (*formerly known as Pinch Points*)

a. **Gapping.** Despite the provision of personnel to meet the WFR, gaps will usually still occur. Firstly, there may be a shortage of Trained Strength compared with the WFR. Secondly, allowance is not made for all Margin usage, so total Margin usage will nearly always be larger than Margin allocation. Thirdly, there will always be a mix of surpluses and deficits, reflecting a mismatch at rank and specialisation level between the actual deployment of trained personnel and WFR. Finally, personnel filling Temporary Positions (TP) (see Para 0203.b(4)) or engaged on Augmentation tasks are not allowed for in the Workforce Requirement. Figure 3-3 illustrates - but not to scale - how these elements might contribute to overall gapping levels.

Figure 3-3. Gapping in the RN and RM



b. **Usable Strength.** The usable strength is "The number of individuals in the military workforce who are trained and capable of performing a role in some capacity" and is a function of the number of the trained strength minus those who are not employable in any capacity owing to their status at the time. This is the definition that should be used in the formulation of Workforce Capability Gaps and other centrally reportable products.

Usable Strength = Total Full time Trained Strength - Non-Employable Personnel

c. Non-Employable Personnel is strictly defined as:

(1) Personnel who are MND or MLD where they cannot work in any capacity. (This pertains to personnel within the MA7 medical margin within Navy Command).

(2) Personnel on Terminal Leave.

(3) Personnel on Statutory Maternity Leave

(4) Personnel Absent without Leave (AWOL)

d. **Deployable Strength.** Whilst usable strength defines those who are directly non-employable, deployable strength is "The number of individuals in the military workforce who are immediately deployable and employable on the front line".

Deployable Strength = Usable Strength – Non-Deployable Personnel

e. Non deployable personnel are defined as personnel with:

(1) Non-deployable margin positions (Training/Post Operational Tour Leave (POTL) etc);

(2) A medical category equal to or less than L3(RM)/M3(RN);

(3) Personnel restricted shore by Sea/Shore ratio;

(4) Shore based Person in Dual Parental Service Couples (previously SWDC);

(5) No longer suitable for branch medically (e.g. TMU Diving);

(6) Within the last 6 months of service;

(7) On a Career Intermission.

f. **Workforce Capability Gaps (WCG).** The WCG process is a key component of SWP Gap Analysis following Baselining and Demand / Supply analysis. This process is used to provide a systemic understanding of where there are mismatches in the supply and demand for workforce capabilities that are, will or may impact on the delivery of Defence Outputs (now or in the future); or where outputs are being maintained but with a detrimental impact on the people in that cadre.

g. The WCG process seeks to understand the likelihood and severity of both current issues and/or future risks and helps us to understand and to mitigate Defence people risks as part of the Defence governance process.

0310. Costing Personnel and the Strategic Planning Cycle Process

a. Under Defence Reform the Annual Budgetary Cycle (ABC) has been replaced with the Strategic Planning Cycle (SPC). The key outcome being that Workforce Cost Envelopes (WCE) are no longer in use. Defence Workforce Planning Instructions (DWPIs) will continue to be issued at an appropriate cadence, providing guidance on Workforce Control mechanisms. It is imperative that accurate and realistic forecasts are maintained for costing returns. To maintain overall control of Workforce numbers, particularly for transfers between Areas/Mil Commands, the Workforce Requirement Baseline (WRB) will be maintained and stringently adhered to.

b. The Workforce Requirement Baseline (WRB) is Defence's single version of the truth for the size and Service distribution of the regular military in each Military Command (and Area). Prior to Defence Reform, it reflected the MoD's assumption for the level of regular military workforce required to deliver the force structure. It also enabled the FMC and Strat Fin to arbitrate over the inter-Military Command (and Area) supply vs demand conflicts. Changes that increase the size of Defence's structure/requirement have historically been agreed and formalised through the SPC Option/FCR process and ratified, or not, through sentencing panels; this process will remain until further notice managed by MSHQ (FD).

c. Under SPC process, each Military Command reassesses its personnel costings for the forthcoming SPC period. Bids are made based on the actual personnel that the Military Command expects to have (i.e. the Forecast Strength) and not the Workforce Requirement. To do this, the Military Command needs information on the personnel costs associated with each of the employers. The information required to assemble realistic costings for financing its uniformed personnel includes:

(1) The level of personnel detailed in the Establishment (Permanent positions on the Military Command's Trained Strength), noting how this changes throughout the SPC period as new positions start and existing ones are end-dated - i.e. the Live Workforce Requirement.

(2) The anticipated Strength, by judging how much the unit expects to be gapped or overborne over the period (Military Command costs include all those in Temporary Positions, donated as temporary augmentees and over bearings.)

(3) The Margin Usage associated with its personnel for which the Military Command expects to be charged. This covers the Margin Workforce Requirement which is planned for and costed.

(4) The capitation rates associated with the above personnel. These are dependent upon rank, arm, Profession and specialisation. They will also vary with Military Command not least because of relative seniority of personnel and the likelihood of RRP.

c. The personnel numbers forecasting process, and its accuracy, is essential in determining the personnel costs for the Forecast of Outturn (FOO), monthly Accounting Period (AP) and the SPC bid/baseline. The PL plays a key function in this, which in turns feeds into setting both GTS targets and hence UTS numbers. By applying UTS capitation rates to the numbers, the UTS costs can also be calculated.

d. The PPO plays a key part in the costing process in three ways:

(1) Ensuring that the individual bids from all employers of RN personnel, including the Workforce and Resilience Training Margin, when added together, match the forecast of total Trained Strength. This is achieved through the SPC process (IY personnel balance is achieved by Military Command Strategic Workforce Planners using like-for-like personnel compensators to ensure no growth in personnel numbers or costs).

(2) Estimating the size and distribution of gaps, surpluses and Margin usage between Military Commands, by using historical records and forecast trends. This information is passed to the Military Commands in order to assist in the compilation of their personnel costings.

(3) Ensuring Professions structures are sustainable, both structurally and numerically.

e. The PPO recognises the need to provide information to Military Commands on the probability of their personnel requirements being met, the degree to which they may be gapped and their probable Margin costs.

f. Individual Military Commands play a key role in costing personnel during the SPC process, using locally derived methods, and taking account of a number of factors that will determine the cost/savings profile over the SPC. The factors are like those used by PPO staff for personnel planning.

SECTION 2

MARITIME RESERVE PERSONNEL

0311. Personnel Considerations in the Maritime Reserve

The following factors determine the personnel requirements for the RNR and RMR:

a. **Personnel Ceiling.** The Reserves Personnel Ceiling for the RNR/RMR is agreed and authorised by Parliament. The ceiling represents the total number of Naval Volunteer Reservists that may be borne on the Active List (Officers) or serve on RNR/RMR Engagements and Extensions of Service (Other Ranks) at any one time, both Trained and Untrained.

b. **Personnel Requirement.** The total requirement (Workforce Requirement) for trained personnel is based on the following:

(1) **Operational Task Requirement (OTR).** The OTR is determined by Functional Employers based on personnel requirements.

(2) **Margin.** A margin which is added to the OTR to reflect the fact that, in the event of call-out, a proportion of personnel will inevitably seek exemption or deferral.

(3) **Volunteer Contingency Quotient (VCQ).** VCQ is added to the OTR and Margin to enable Capability Managers to meet the additional personnel requirements for exercises and other contingencies where compulsory call-out cannot be expected and where the numbers defined as OTR plus Margin are insufficient.

(4) **Trained Strength.** The total number of trained officers and ratings considered able to meet the Operational Performance Statements set by Functional Employers. Ideally, the Trained Strength should match the Personnel Requirement in each category, by rank/rate and branch/specialisation.

(a) In the RNR this is normally Lieutenants and above, and Able Ratings who have completed Initial Branch Training.

(b) In the RMR this is normally all ranks who have successfully completed Royal Marine Phase 1 and 2 training.

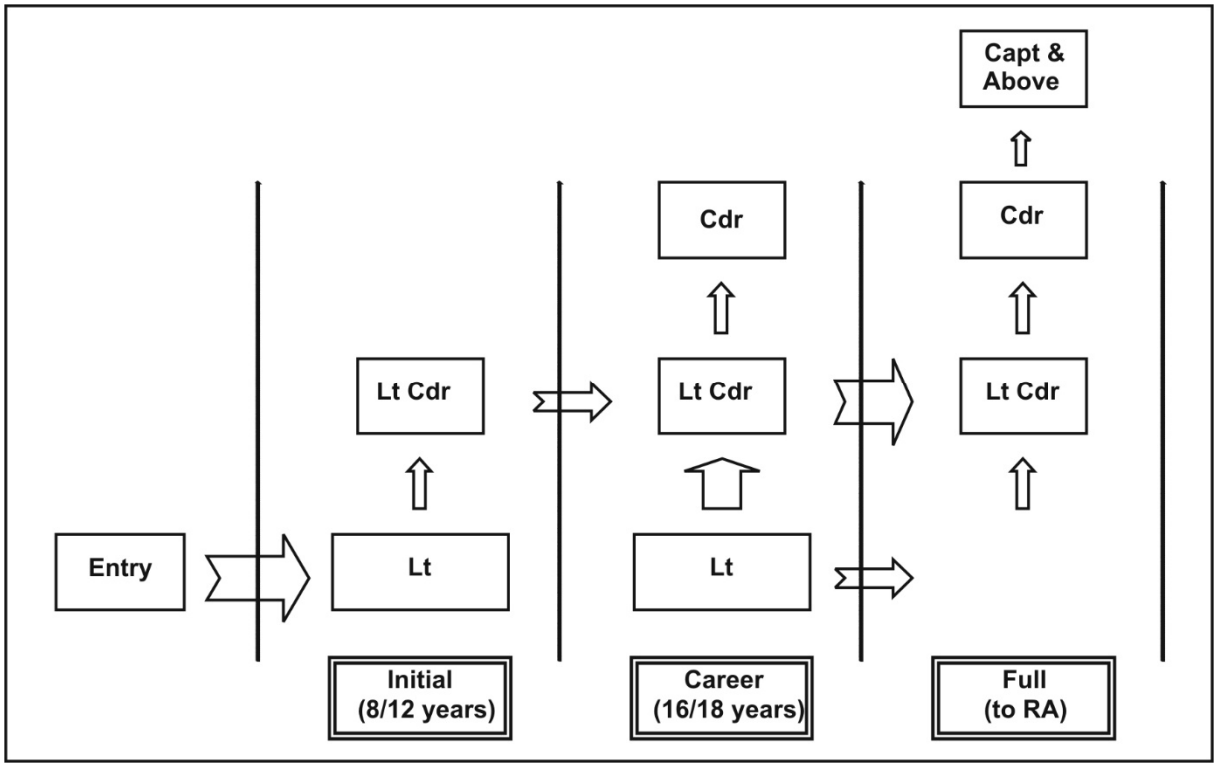
(5) **Untrained Strength.** The total number of personnel in the training pipeline necessary to maintain the Trained Strength at a satisfactory level. The combined Trained and Untrained Strength must not exceed the authorised Reserves Personnel Ceiling.

ANNEX 3A

COMMISSION STRUCTURES

The following diagram illustrates an Officer Commissions structure and transfer paths (RM equivalent ranks are assumed). There are variants of this structure that use different lengths of Initial Commission.

Figure 3A-1. Commission Structures



Note. *Bigger arrows indicate the major flow routes.*

ANNEX 3B

PERSONNEL MARGINS AND COSTING

1. Margin Definitions

a. Care is needed in work concerning the Margin, to identify whether the issue concerns Workforce Resilience and Training Margin (WRTM) Workforce Requirement, (which was previously known as Manning and Training Margin (MTM)), WRTM usage or both. Workforce Requirement (WFR) is considered as a single entity - the WRTM, while usage is sub-divided into two categories: Training Margin (or, previously, Higher Training Quota (HTQ)); and Workforce Resilience Margin. All usage is defined in Tri-Service agreed Margin Area (MA) numbers to which personnel are assigned. The MAs currently used are listed at the end of this Part, in Table 3B-1 and Table 3B-2.

b. **Margin Requirement.** Previously calculated as separate Workforce Resilience and Training components, WRTM is now representative and based on analysis of all Margin usage. The WFR is defined in a number of separate Establishment Lists that are currently managed by Dir P&T staff externally to JPA, and the WRTM allowance totals are added to the Planning Workforce Requirement (PL); these aim to provide some of the extra numbers needed in the Liability to compensate for those who are removed from Unit Positions for a number of discrete reasons. The WRTM allowance is shown for each Profession and specialisation at each rank/rate level. It is calculated on the broad basis that a relief for an individual should be provided if there would otherwise be an absence to an agreed minimum of <u>at least three months</u> or where absences of less than three months <u>consistently and predictably place an ongoing demand</u> on personnel within a category. WRTM numbers take account of the aggregate demand. The size and breakdown of the allowance is recalculated periodically. Reasons for WRTM include pre-joining training for sea service (PJTs), Post Operational Leave, career training, educational training such as MBAs, long term sickness and Terminal Leave.

c. **Margin Usage.** When personnel are placed in the Margin for any reason, they may be assigned or Move and Tracked to an MA. Margin usage is broken down in three ways: by type of absence (Workforce Resilience or Training Margin); by type of position; and by funding authority (PPO or employer). MAs differentiate between each of those components and in further detail, as listed at Table 3B-1 and Table 3B-2. Dir P&T monitors margin usage and applies the agreed WRTM to the Planning Workforce Requirement (PL). The following example may help to illustrate the thought process involved. If an individual is too ill to remain in their unit, the CM decides whether to arrange a relief or to leave the position gapped. This determines into which MA the individual should be placed. If the individual is likely to be absent for less than three months, unless in a critically important operational position, benefit to the gapped unit would normally be insufficient to justify finding a suitable replacement. A replacement might need to be assigned at short notice (possibly leaving a position gapped), provided with any necessary training, moved to the position, and moved away again within three months. However, if the individual is likely to be absent from their position for more than three months, it is reasonable to expect that a relief should be provided.

2. Margin Size and Shape

a. The number, rank and specialisation of those 'in the Margin' at any given time varies considerably and is very difficult to forecast with certainty, although total usage is usually stable; a toolset providing the previous 24 months of usage and the allowance is updated periodically. To attempt to provide a reserve of people of exactly the right match for every such occasion would neither be sensible nor practical. Agreeing the appropriate size of the WRTM Workforce Requirement is important, as it creates a funding overhead and, also, it may cause the system to grow people that do not match Margin usage, resulting in both deficits and surpluses at different rank/rate/Profession/specialisation levels even though the total WRTM allowance is less than the total used. The rationale differentiates between those events which are measurable and predictable and over which the Personnel Planner has no control and those events which are theoretically subject to management control and do not create an authorised and funded overhead.

b. From the MAs that are counted for Margin Workforce Requirement, it is possible to calculate or estimate from experience, with reasonable accuracy, the numbers in each rank and rate that should be added to the Workforce Requirement.

c. **Seagoers Leave (SGL).** SGL is an example over which Dir P&T has no control (it is a condition of service), but it is reasonably predictable and consistent over time, so it legitimately contributes to the Margin Workforce Requirement. To calculate, for example, the SGL Margin for POET(ME)s, the total number of POET(ME)s serving at sea can be determined from JPA; then, knowing the average length of a sea assignment and the entitlement to SGL, it is comparatively simple to calculate how many additional POET(ME)s are required in the Service to compensate for those on SGL at any one time; this number contributes to the Margin Workforce Requirement. While this appears straightforward, even with something as predictable as SGL, there are complications, as the requirement for additional people is not evenly distributed throughout the year – for example, traditionally the requirement peaks around the school holiday periods when the bulk of turnovers occur and individuals take their outstanding leave.

3. Funding and Paying for the Margin

Unlike occupied positions in Establishments, which are paid for entirely by the owner of the UIN specified against the organisation concerned, some elements of the Margin are paid for by the employer and some by Navy Command on behalf of the PPO (2SL). The breakdown of 'who pays for what' is also shown in Table 3B-1. Because Margin usage is the most volatile component of the workforce equation it is therefore the most difficult to estimate and cost by TLB and by category. Excessive use of the Margin can incur costs to one TLB while leading directly to gapping in another; this may necessitate a re-distribution of (rather than additional) resources. Whilst TLBs cost the workforce resources required by their programmes on the basis of forecast average strength during the scrutiny process, towards the end of each ABC planning round it is necessary for Dir P&T and Dir Fin to reconcile the TLBs' costings in order that the total of all the individual bids matches Dir P&T's global estimate. Cash allocations and risk assessments are then made based on this reconciled count.

4. Margin Efficiency

Improvement of the efficiency and effectiveness of Margin allowance and usage helps to maximise the number of filled Positions. This can be achieved by concentrating on two aspects: by improving the 'match' between the planned Margin and those in the Margin most likely to require reliefs; and by reducing usage of the Workforce or Training Margin. This twin track approach is illustrated in Figure 3B-1.

Figure 3B-1. The Approach to Reducing 'Margin-Derived' Gapping

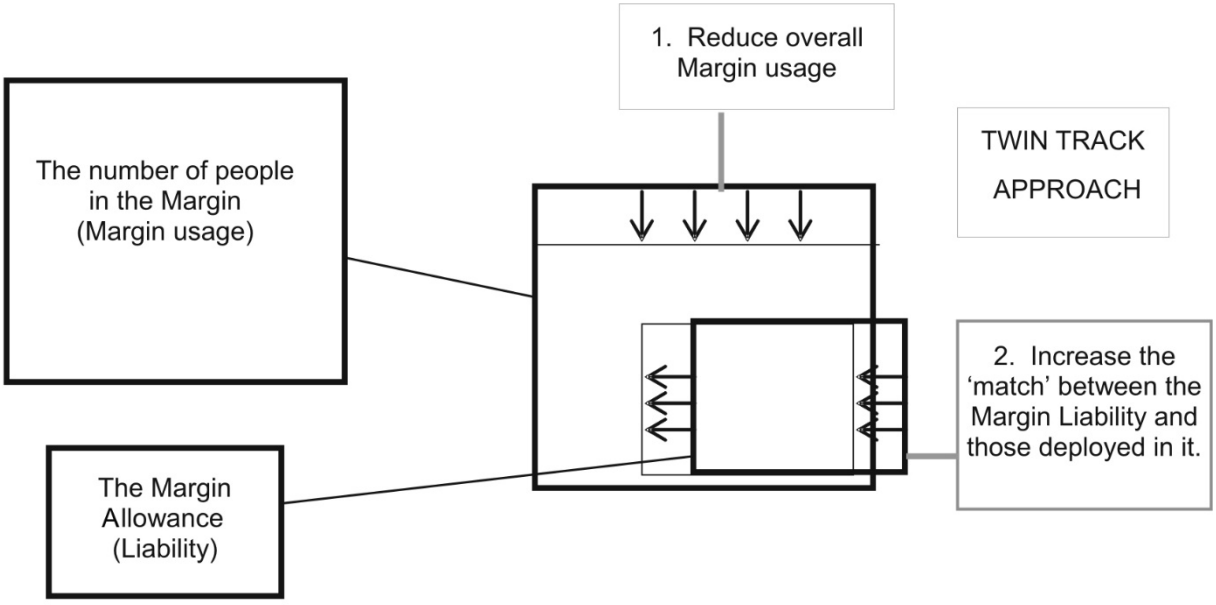


Table 3B-1. Royal Navy WRTM Assignment Categories

Category (Note 1)	Term	UIN	Definition	Trigger Point for Assignment (Note 3)	Trigger Point for Costing	Paid by (Note 4)	Comment/JPA Structure
MA1	Career Courses	N0079A	WRTM for a Service Person on a Career Course that in duration meets or exceeds the single Service trigger point for assignment.	30 days	Day 1 of course	PPO	Pool position per course type in each Naval and joint training unit
MA2	Non-Career Courses	N0079B	WRTM for a Service Person on a non-Career Course that in duration meets or exceeds the single Service trigger point for assignment.	30 days	Day 1 of combined courses over 30 days	PPO except where activity occurs within current unit without reassignment, then individual should be Move and Tracked and paid for by parent TLB. Note: the margin only funds courses for sea service.	Pool positions per training school in each Naval Base and joint training unit
MA4A	Maternity Leave	N0079D	WRTM for a Service Person on authorised maternity leave having met the qualifying criteria as defined in JSP 760 Chapter 24.	One day	Day 1	PPO except where activity occurs within current unit without reassignment, then individual should be M&T and paid for by parent TLB.	At each of three NB PSGs,
MA4B	Adoption Leave	N0079D	WRTM for a Service Person on authorised adoption leave having met the qualifying criteria as defined in JSP 760 Chapter 25	One day			
MA4C	Shared Parental Leave	N0079D	WRTM for a Service Person on authorised unpaid leave having met the Parental Leave qualifying criteria as defined in JSP 760 Chapter 27.	One day			

(Continued)

Table 3B-1. Royal Navy WRTM Assignment Categories (*Continued)*

Category (Note 1)	Term	UIN	Definition	Trigger Point for Assignment (Note 3)	Trigger Point for Costing	Paid by (Note 4)	Comment/JPA Structure
MA5	Terminal Leave	N0079E	WRTM for a Service Person on authorised paid leave, in their last 28 days of service in the UK, having met the Terminal Leave qualifying criteria as defined in JSP 760 Chapter 19.	One day	Day 1	PPO (see Note 3)	PSGs, RNRC Hasler and RM Cdo units
MA6A	Awaiting Assignment	N0079F	WRTM for a Service Person who is awaiting assignment	30 days	Day 1	PPO	PSGs only
MA6B	Miscellaneous - Short Project/Study Diversion	N0079F	WRTM for a Service Person employed on a project or a study.	30 days			Not in use
MA6C	Miscellaneous - Display Team	N0079F	WRTM to enable a Service Person to take to take a specified period of time away from their mainstream duties in order to undertake duties on a specified display team.	30 days			Only at TEMERAIRE
MA6D	Miscellaneous - Elite Sports Diversion	N0079F	WRTM for a Service Person who is not employable as they have an authorised full-time commitment to training for sport (at present special paid or unpaid leave is used for this activity as defined in JSP 760 Article 2.026).	30 days			Only at TEMERAIRE

(Continued)

Table 3B-1. Royal Navy WRTM Assignment Categories (*Continued)*

Category (Note 1)	Term	UIN	Definition	Trigger Point for Assignment (Note 3)	Trigger Point for Costing	Paid by (Note 4)	Comment/JPA Structure
MA6E	Miscellaneous – Missing in Action	N0079F	WRTM for a Service Person that is Missing in Action (MIA).	The Service Person will be assigned to the WRTM once they have been declared as MIA.			Only at NELSON
MA6F	Detainee	N0079F	WRTM for a Service Person that is a Prisoner of War (PW) and or a detainee (legal and illegal).	The Service Person will be assigned to the WRTM once it is assumed/ known that they are a detainee as judged by the chain of command.			Only at NELSON

(Continued)

Table 3B-1. Royal Navy WRTM Assignment Categories (*Continued)*

Category (Note 1)	Term	UIN	Definition	Trigger Point for Assignment (Note 3)	Trigger Point for Costing	Paid by (Note 4)	Comment/JPA Structure
MA7A	Medical - Long Term Sickness.	N0079G	WRTM for a Service Person who for medical reasons cannot be employed in their current job and are not able to be assigned to another position; the absence duration is expected to meet or exceed the single Service trigger point for assignment. Unable to be assigned to workforce requirement driving role due to medical reasons i.e. Temp JMES M3/5/6 or L3/4/5/6 for more than 3 months (or likely to be more than 3 months). ALL personnel with PERM JMES M6 to be assigned to MA7A as soon as possible after RNMBOS. ALL personnel with Temp JMES M6 likely to remain so for more than 3 months, strongly recommended assignment to MA7A.	Three months	Three months	PPO except for squadded JRs and personnel where activity occurs within current unit without reassignment: individual should be M&T and paid for by parent TLB. (see Note 4)	At each of three NB PSGs, two Air Station PSGs, RNRC Hasler and each RM Recovery Troop
MA7B	Welfare Diversion	N0079G	WRTM for a Service Person who for welfare reasons (as defined in JSP 760 Chapter 22) cannot be employed in their current job and are not able to be assigned to another position, and the duration is expected to meet or exceed the single Service trigger point for assignment.	There are no fixed rules for assignment thresholds; it is an individual career management issue as the CM will try to employ the Service Person within their welfare limitations			

(Continued)

Table 3B-1. Royal Navy WRTM Assignment Categories (*Continued*)

Category (Note 1)	Term	UIN	Definition	Trigger Point for Assignment (Note 3)	Trigger Point for Costing	Paid by (Note 4)	Comment/JPA Structure
MA7C	Discipline - Under Sentence Retained	N5370J	WRTM for a Service Person who is not employed due to being formally held under custody at the Military Correction Training Centre Colchester, and who is to be retained upon completion of their period of custody (JSP 760 Chapter 18), and their custody duration meets or exceeds the single Service trigger point for assignment.	One day	Day 1	TLBH	Only at Military Correction Training Centre Colchester
MA7D	Discipline - Under Sentence Discharged	N5370J	WRTM for a Service Person who is not employed due to being formally held under custody at the Military Correction Training Centre Colchester, and who is to be discharged upon completion of their period of custody (JSP 760 Chapter 18), and their custody duration meets or exceeds the single Service trigger point for assignment.	One day			
MA7E	Discipline - Case Pending	N0079G	WRTM for a Service Person who is categorised as Discipline - Case Pending who is unable to be assigned to another position.	There are no fixed rules for assignment thresholds; it is an individual career management issue to liaise with the PSG.	Three months	PPO except for squadded JRs and personnel where activity occurs within current unit without reassignment: individual should be M&T and paid for by parent TLB. (see Note 4)	At each of three NBs PSGs

(Continued)

Table 3B-1. Royal Navy WRTM Assignment Categories (*Continued)*

Category (Note 1)	Term	UIN	Definition	Trigger Point for Assignment (Note 3)	Trigger Point for Costing	Paid by (Note 4)	Comment/JPA Structure
MA10A	Miscellaneous - Exercise Diversion	Own Unit's UIN	WRTM to enable a Service Person to take a specified period of time away from their mainstream duties in order to meet the requirements of a specific exercise.	30 days	Day 1	TLBH	Pool position at all units employing RN personnel
MA10B	Miscellaneous - Event Diversion	Own unit's UIN	WRTM to enable a Service Person to take a specified period of time away from their mainstream duties in order to meet the requirements of a specific event.	30 days			
MA11A	Unpaid Leave	N0079L	WRTM for a Service Person on authorised unpaid leave for an exceptional absence as defined in JSP 760 Chapter 4.	One day	Day 1	TLBH	At each of three NB PSGs
MA11B	Miscellaneous - Career Breaks	N0079L	WRTM for a Service Person to take authorised unpaid leave for a specified period of time out of their Service career to meet personal objectives or to deal with personal circumstances which they would otherwise be unable to do using leave entitlements.	One day			
MA12	Discipline – AWOL	N0079M	WRTM for a Service Person that is absent from their place of duty without their line manager's approval and where they have not informed the unit of their reason for non-attendance, and they are not employed due to being formally categorised as AWOL (as defined in JSP 760 Chapter 17), and the absence duration meets or exceeds the single Service trigger point for assignment.	One day			

(Continued)

Table 3B-2. Other Tri-Service WRTM Categories (Absence Types)

Category	Term	Definition	Remarks
MA4	Paternity Leave	WRTM for a Service Person on authorised paid leave having met the Paternity Leave (paid) qualifying criteria as defined in JSP 760 Chapter 26.	This is a JPA absence type and there is no assignment to the WRTM.
MA6	Post Tour Leave - Sea Goers Leave	WRTM for a Service Person on authorised paid leave having met the Post Tour Leave/Sea Goers Leave qualifying criteria as defined in JSP 760 Chapter 12.	This is a JPA absence type and there is no assignment to the WRTM.
MA6	Post Tour Leave - Foreign Service Leave	WRTM for a Service Person on authorised paid leave having met the Post Tour Leave/Foreign Service Leave qualifying criteria as defined in JSP 760 Chapter 10.	This is a JPA absence type and there is no assignment to the WRTM.
MA6	WRTM Post Tour Leave - Post Operations Leave.	WRTM for a Service Person on authorised paid leave having met the Post Tour Leave/Post Operations Leave qualifying criteria as defined in JSP 760 Chapter 11.	This is a JPA absence type and there is no assignment to the WRTM.
MA6	Post Tour Leave - Relocation Leave	WRTM for a Service Person on authorised paid leave having met the Re-engagement Leave qualifying criteria as defined in JSP 760 Chapter.	This is a JPA absence type and there is no assignment to the WRTM.

Notes:

1. Revised WRTM (formally MTM) categories were introduced in June 2010, following a tri-Service requirement to accurately capture WRTM usage in greater detail, (Reference 2010DIN01-100 Tri-Service Workforce and Training Margins).

2. There are two types of WRTM Category, those in which individuals will be assigned into (Table 3B-1), and those in which the individual will be recorded as absence (on leave), by their unit HR Team, whilst in their current assignment (Table 3B-2).

3. Individuals are only to be assigned into the WRTM if they are expected to remain there for a period equal to or greater than the Assignment Trigger Point. For shorter periods the individual should be move and tracked only.

4. An assignment, but not a Move and Track (M&T), drives costs. Therefore, personnel costs remain with the UIN of the assigned Position, even after an M&T into a MA that is shown above as being funded by the PPO.

5. Personnel on Resettlement will remain assigned to their existing Positions, irrespective of whether reliefs have been provided to undertake the Positions' tasks.

6. Need to capture medical downgrades etc. less than three months from other JPA data e.g. MEDCAT. Service Person remains in unit or M&T to hospital, for example, so costs remain with parent TLB. The three-month threshold will be reviewed by Dir P&T after further experience with JPA.

7. Untrained strength <u>does not count</u> towards the Workforce Resilience and Training Margin.

ANNEX 3C

WORKFORCE (WF) PLANNING MODELS ASSUMPTIONS SETTING – DESK INSTRUCTIONS

1. Overview. This Annex provides Desk Instructions for Workforce Planners when setting Workforce Assumptions based on the available levers articulated in Para 0306 and Para 0307. Assumptions for Workforce Modelling are applied to both Supply (Trained Strength) and Demand (Planning Liability). It is essential to recognise that Workforce Modelling is designed to show the highest probability outcomes and will almost certainly differ from the 'tactical' picture over time as uncertainty of behaviours and programme maturity affect supply and demand calculations. Nonetheless, the products ensure that growth of SQEP to fit Defence Outputs are considered in sufficient time to deliver the 'Right People at the Right Time with the Right Capability.'

Both Supply and Demand values are 'snapshots' in time, usually April each year, to provide the baseline for long term planning; to which assumptions are then applied.

2. Supply. By default, Workforce modelling applies strength behaviours based on historical trends (usually 5-years) and overlaid with the last endorsed set of assumptions applied by Professions Managers. All assumptions **MUST** be recorded in the extant Assumptions Record including those amended at subsequent modelling meetings.

a. **Trained Strength (Starting Point).** Defence (Analysis) will take an extract of the Trained Strength on or around the 1 Apr annually in order to establish the baseline from which assumptions are applied. The extract is done by Paid Rank in order to be compliant with the pan-defence modelling approach noting that one of the key outputs from WF modelling is to inform strength costing.

The principle for Defence Workforce Planning is 'Plan to Requirement cost to Strength.'

b. **Inflow – Gains to Trained Strength (GTS).** There are numerous ways in which personnel reach the Trained Strength (TS); Direct Entry and Accelerated Apprenticeship schemes are the ones likely to generate the greatest volume. Although, Lateral Entry and Professions/Specialisation transfers can also be factors for consideration when Assumptions setting.

(1) At regular intervals, the Training Pipeline Management team will provide Professions Managers with a 6-year forecast of GTS achievement v target. Dependant on the length of a training pipeline the 'early' years will be based on the size of the population 'in the Training system' and subsequent year being based on the forecast number of recruitments. Any follow-on years will be based on an assessment of performance against Target of a rolling 5-year average. This methodology ensures that there is high accuracy in early forecasts based on 'actual' pass rates with future years more reliant on predicted attrition rates throughout the entire training pipeline.

Typically, a training pipeline from INT(R)/INT(O) to TS will be 18 months. This means Years 1 will be based on those currently 'in the system' with Year 2 being a combination of those in training and those forecast to arrive through recruitment. Years 3 onwards will almost certainly then be based on the historical performance.

(2) Assumptions can be set based on evidence that GTS will change but must factor in reality for such things as historic performance and/or capacity within the system to absorb the change without recourse to funding approval or impact on other areas including Infrastructure.

(3) For some cadres' personnel are streamed to a specialisation after Phase 1 training, it may be necessary to state in assumptions setting what percentage of a larger population will be streamed to a particular Specialisation. In some cases this may be a 'straight' mathematical split, but the opportunity exists to demonstrate how streaming can deliver TS to cadres that are in shortage with minimal impact to other specialisations.

c. **Throughflow – Profession and Specialisation Transfers.** These assumptions can be set to show where personnel are predicted to flow from one grouping of TS to another. In most cases it is recommended to consider whether there is sufficient volume to impact on the overall stability of a cadre. Furthermore, some cadres do not have Direct Entry Inflow streams and therefore recording assumptions of volume coming into a Specialisation is critical.

d. **Throughflow – Commission Transfers and Engagement Transfers.** Changes to engagements directly impact on assessments of predicted outflow and therefore it is important to consider the impact of assumptions setting:

(1) **Commission Transfers (Officers only).** In most cases Commission transfers are policy driven, Ch 49 Sect 1, relying on transfers from initial career stage to career stage and then onto full career stage automatically done based on meeting the criteria. There will be occasions, and in some Specialisations, where it is not an automatic transfer requiring an assumption to be made as to what a Transfer Board Maximum Authorised Number (MAuN) would be.

(2) **Engagement Transfers (Ratings only).** Transfers to ES2 are purely based on promotion policy, Ch 49 Sect 2. When setting ES3 assumptions a number of factors should be considered. Initially it is prudent to see at what rank the expected shortfall will occur and whether bottom feed levers will generate the necessary volume by the time it is needed. In most cases the shortfalls at the higher ranks cannot be grown sufficiently and there is a risk of losing valuable SQEP. In these cases consideration for offering ES3 should be considered to cover the target period. Subsequently, an assumption can be set on the length of ES offered.

1. All ES assumptions should reflect 'Acceptances' not offers.
2. When considering length of ES, the PM should indicate what percentage of the options will be used e.g. 50% will be at ES3(5), 25% at ES3(10) and 25% as ES3(15).

e. **Throughflow – Promotions.** In terms of assumptions setting the modelling algorithms have some in built functionality that will promote to requirement within a set of predetermined constraints. It is rare that a Promotion profile should be left to apply the necessary flows 'unconstrained' by Professions Manager assumptions:

Where strength exists at the lower rank the required volume will be 'pulled through' from the donor rank. However, in order to protect that lower rank, the system has an in-built constraint to fix throughflow, for most cadres this is set to highlight at no more than 20% from the lower rank in any one year.

(1) **Training Pipeline Capacity.** In most cadres' promotion is determined by attendance on a Professional Qualifying Course, setting a promotion assumption above this annual capacity would be nugatory, unless there is evidence of an uplift in training capacity. In which case credible assumptions could be applied.

(2) **Pipeline Streaming.** For some engineering cadres, in particular, there is a requirement to constrain the promotion profiles in order to sustain the required specialisation demand. In this case the assumption can be set as to what the maximum number that can be apportioned to a specified cohort.

(3) **SQEP Shortfalls/Lower Rank Protection.** There are circumstances where historical promotion profile assumptions need to be altered in order to retain SQEP at a certain rank or not undermine sustainability at lower ranks by pulling through too many/too quickly. It is a fine balance between stifling promotion (potentially stimulating VO) and retaining SQEP at the most appropriate point of need.

(4) **Minimum value setting.** In most cases, assumptions setting will involve articulating the maximum number to be promoted. However, it may also be necessary to demonstrate that regardless of requirement, a minimum number assumption must be applied. Routinely this would be applicable to smaller cohorts or cadres who have a split of comparable SQEP across General Service and Submarine fighting arms.

(5) **Realism.** Modelling algorithms can apply a 'boom or bust' profile if left unconstrained and therefore it may be prudent to smooth some profiles by applying values. Additionally, when setting assumptions it is important to consider how previous Promotion Boards have fared.

There is little value in setting a high promotion value if historically MAuNs are not being met. Equally, if the modelling products demonstrate a consistent need to hit a Maximum value, it could be prudent to look at increasing the value if the training system and lower ranks can sustain it.

It is important to note that the modelled Promotion outcomes ***are not the MAuN****, mainly due to the level of anticipated but unauthorised demand within the requirement. However, they do represent a credible 'starting point' from which to calculate and monitor long term MAuN requirements.*

f. **Throughflow – Promotions to Officer.** As with ES this is an opportunity to set assumptions for flows from OR to OF cadres; modelling algorithms will not apply historical trends. On request, Defence (Analysis) are able to provide 5-year historical trends to help inform assumptions should they be required.

g. **Throughflow – Extensions of Service.** Applicable only to Officers this is an opportunity to set assumptions of the volume of EoS being offered across Professions and Specialisations. In most cases, this assumption has minimal impact on WF modelling outcomes if Commission Transfers have been set appropriately.

h. **Outflow – (Voluntary Outflow – VO).** The starting point for all VO outcomes is application of the historical 5-year profile. It may be that that five-year profile is accurate and good enough to be used without alteration noting that the 'first year' within the modelled product will represent the actual VOs in the system on the day the strength was extracted with subsequent years using the historical profile. The key to setting the VO assumption different to the profile is to identify:

(1) **Who.** Which Profession, Specialisation and Rank will be affected by the assumption?

(2) **When.** Over what time period will the assumption apply. For example should an FRI be in place for 3 years when will the impact influence the historical profile.

(3) **Impact.** What is the impact on the historical profile? At the subsequent modelling meetings an agreed level of impact (by application of Defence Analysis scaling) will be determined and then applied for review.

Any previous VO assumptions used in WF modelling will have been applied prior to any future adjustments; they do not need to be reapplied.

i. **Outflow – (Other Wastage – OW).** For most Professions and Specialisations a common OW assumption will be applied based on the historical profile. However, where considerable evidence exists specific assumptions can be applied.

Some cadres with high medical wastage e.g. Divers do have separate OW assumptions applied rather than the 'blanket' Warfare GS value.

3. Demand. Whilst at first it may appear that Demand setting is subject to less uncertainty than Supply assumptions; this is not necessarily the case. All Demand used for Workforce modelling will have been endorsed at 2* level in order that any embedded uncertainty (risk) is aligned with Strategic Direction and Guidance.

a. **Future Live Extract.** On or around 1 Apr annually an extract of 'JPA Future Live' is taken. The data consists of the Workforce Programme of Record (PoR) and includes all Workforce Driving Positions based on validity over time. All amendments to the PoR will have been actioned by the Workforce Change Management (WCM) team either through the Workforce Amendment System (WAS) or Establishment Amendment Form (EAF) process, of which Professions Managers and Finance are part of the approvals process.

Navy TLB uses WAS to update position data via SCIO whereas Other TLBs use EAFs to update position data via SLIM. All data is then held centrally in JPA (DefHRs from 2027).

b. **Workforce Resilience and Training Margin (WRTM).** The numerical allowance is determined for each profession and specialisation at each rank/rate level based on apportionment values. It is calculated on the broad basis that a relief for an individual should be provided if there would otherwise be an absence to an agreed minimum of at least three months or where absences of less than three months consistently and predictably place an ongoing demand on personnel within a category. (See Annex 3B for WRTM management detail). The number, rank, and specialisation of those 'in the Margin' at any given time varies considerably and is exceedingly difficult to forecast with certainty, although total usage is usually stable; the allowance is updated periodically with 2* endorsed Options (Measures) employed to provide agility and address periods of significant over occupancy.

c. **Options (Measures).** Para 3a and Para 3b could be described as the mandatory or more static elements of the Demand. However, there are some scenarios that due to long lead times for WF or programme maturity are '***anticipated but not necessarily fully endorsed'***. The are captured in the Demand as Options or sometimes referred to as Measures.

Measures are normally applied in one of three forms:

- ***Specified*** *- Where the detail of the WFR is known in entirety (or almost) including 'Who' (Profession/Spec/Rank), When (Position validity), What (Organisation)*

- ***Bulk*** *– Where the details would largely be known but due to the number of cadres involved the Demand is updated in 'Bulk'.*

- ***Wedge*** *– Where detail is scarce, but apportionment can be applied to provide a placeholder to the requirement.*

(1) **Options (Measures) – Not at Risk.** These measures will have most likely been subject to a Strategic Planning Cycle (SPC) approvals process that considers Cost/Structures/Feasibility. Normally they will have had a higher degree of engagement. SPC options will have been scrutinised by Finance and SWP to confirm feasibility and affordability. In some circumstances the Option will be applied over a number of years and at each modelling round the SO1 (Demand) will need align any WF PoR updates with the outstanding balance contained within the option. It is routine for SPC options to remain in the Demand values outside of the WF PoR for a number of years.

(2) **Options (Measures) – At Risk.** Typically these may be at the early stage of development/approval but long lead times mean that we must begin planning now even if finite detail is not known or financial approval has yet to be given. These amendments to the Demand represent TLB choices and will require the greatest scrutiny at any endorsement activity. For example, new build profiles need to be a balance of providing a placeholder for a crewing profile (including uncrewed/unmanned/autonomy/remote controlled) against the feasibility and affordability of the Strength to be grown to meet this demand. Furthermore, At-Risk measures offer the TLB opportunity to apply dynamic, prudent planning by introducing demand in sufficient time to grow SQEP, address fluctuations in WRTM occupancy or strategic bulk policy decisions.

Routinely 'At-Risk' measures will be sub-categorised as Enhancements (Uplifts) or Savings (Reductions) to provide granularity of the demand. 'Not at Risk' measures are not usually sub-categorised due to the maturity of their approvals process

ANNEX 3D

COMMON APPOINTMENTS (CAPPS) AND CAREER FIELD – WORKFORCE POLICY AND PLANNING GUIDELINES

1. Common Appointment Rationale

a. Common Appointments (CAPPS) and Career Fields (CF) offer employers the opportunity to create a demand for workforce that is not limited to one specific cadre of personnel rather it allows for articulation of the SQEP necessary to fulfil the role. Subsequently, the workforce planning teams are then able to agilely appoint the most suitable person to a role based on skills and, during times of strength supply challenges, where capacity amongst certain cohorts can absorb the Demand. Further pan-Defence guidance on CF is available in JSP 755 Pt 1.

Notes:
1. *CAPPS Demand is identified from JPA Establishment Data based on CAPPS Profession values RN EL (OF), RN WE (OF), RN WEL (OF), RN WELRM, RN WELRM (OF), RN WERM (OF), and RN WRM (OF) and RN WERM (OF) or combinations thereof.*

2. *In this naming convention RN WELRM equates to a role suitable for any **W**arfare, **E**ngineering, **L**ogistics or **R**oyal **M**arine rating. By adding '(OF)' indicates for Officers*

b. **Apportionment/Allocations.** For long term workforce planning this 'day to day' agility offers some challenges to forecasting future Demand and thus subsequently driving the levers that can be applied to deliver the required Strength. The apportionment method employed in generating Demand seeks to distribute CAPPS requirement in accordance with the ability for each spec to fill its share of the liability. This approach seeks to maintain structural integrity and to provide equal opportunities for individuals to gain the broadening experience that CAPPS positions may offer. Apportionment to individual specs, rather than just to professions, is required as the WFR is modelled by specialisation and rank.

c. In most cases, CAPPS demand is shared proportional to each specialisation in Establishment Data ("Future Live") for the month at which the share is calculated (routinely as part of Annual Workforce Modelling activity). The exceptions to this comprise:

(1) **Aircrew and Submariner Officers.** There are enduring needs to limit the number of OF2 – OF4 aircrew officers released to fill CAPPS positions and to ensure sufficient CAPPS opportunities for submariner (SM) officers. Accordingly, set percentages of CAPPS Demand are first allocated to the aircrew and SM specialisations before sharing the remaining Demand proportionally to the other recipient specifications.

(2) **Two-stage Calculations.** For officer CAPPS, calculations are undertaken in 2 stages: The first stage (CAPPS Profession) calculation shares liability to individual professions based on the Future Live for all specs in each profession; the second stage (CAPPS Spec) calculation shares liability to some but not all specs in the respective profession. For example, ATC and AV liability is used to determine the Warfare profession's CAPPS Profession share, but, in the CAPPS Spec calculation, ATC and AV received no share of it.

(3) **OF5/OF6 CAPPS.** A substantial proportion of OF5/OF6 positions are CAPPS and some specialisations have little liability that is 'specialisation-specific'. Accordingly, basing CAPPS apportionment on the relative proportions of OF5/OF6 specialisation/rank liabilities would not reflect the specialisation's ability to fill the CAPPS positions. Given this, OF5/OF6 CAPPS is shared using OF4 liabilities.

c. **Re-allocations.** In preparing Demand Plans, requirement can be 're-allocated' following completion of the CAPPS calculations. Such re-allocations, defined for specific years, provide the means to:

(1) To reflect temporary deficits/surpluses and hence individual professions' abilities to release people to fill CAPPS positions.

(2) To provide small specs, which would otherwise receive little or no CAPPS share, some additional liability. This is especially at relevant at OF5/OF6.

2. Professions and Career Management Application (the 'End to End' process)

a. Apportionment/Re-allocation of CAPPS demand provides the sustainable structures from which Strength levers can be applied, by adjusting Promotion/Extension Career Maximum Authorised Numbers (MauN). However, it only provides the baseline from which Professions Managers (PM) and Career Managers (CM) can assess the impact of applying 'day to day' levers to Workforce resource allocations. To that end the following process should be followed:

(1) Strategic Workforce Plans (SWP) provide PM/CM with the annual apportionment values, based on Workforce Modelling outcomes, by Profession/number, rank, and specialisation.

(2) CM apply values when determining the most suitable person to fill roles. NAVY PEOPLE-CM COMD POLICY SO2 will use the apportionment/reallocation values to inform any internal routine Hold to Account activity.

Note. *In order to provide the appropriate SQEP, CMs further refine CAPPS to Career Fields (CF). This provides the level of granularity and agility needed on a daily basis but is not necessary for medium/long term planning forecasts currently. JSP 755 Pt 1 provided pan-Defence guidance of CF principles.*

(3) When an allocation is exceeded, a CM should initially consult with the PM to determine if the overuse/under use by a particular cadre is sustainable. For example, overuse by a cadre may increase the use of Acting Higher Rank, impacting on future MAuNs for both the cadre in ‘surplus’ and ‘deficit’. Where the change is sustainable the CM is authorised to allocate the SQEP accordingly. For long term planning purposes, only Workforce Driving positions are considered for MAuNs however it is acknowledged that demand from Non-Workforce Driving can influence day to day management of Cadres. Subsequently, CM/PM engagement is crucial in monitoring levels of CF occupancy.

(4) Unsustainable CAPPS use does not prevent the CM from assigning an individual into a CAPPS role, but the second order effects must be assessed. The PM should track CAPPS/CF use, particularly the cumulative effect of small change. Where changes significantly impact on a Profession/Spec, the PM should discuss with the SWP team how the change will be applied to long term planning lever setting. Deviations from the modelled allocations will be reviewed at annual modelling where each cadre's occupancy will be reviewed on a case-by-case basis.

(5) Significant changes that warrant adjustment of Workforce levers should be recorded as part of the Annual Workforce modelling process to provide the necessary feedback loop. NAVY PEOPLE-PSP Plans Demand SO1 should be contacted for apportionment/reallocation considerations, when setting Workforce Requirements. NAVY PEOPLE-PSP Supply SO1 (for Officers) or NAVY PEOPLE-PSP Supply SO2 (for Other Ranks) should be used to assess CAPPS usage impact during the Assumptions setting phase of the Annual Workforce modelling process.