

**OFFICERS  
STUDY  
GROUP**



**REPORT  
TO THE  
NAVY  
BOARD**

**1993**



This copy of the Officers Study Group Report is essentially the same as the version distributed to Navy Board members and their staffs on 22 April 1993. Several minor amendments have been included, but none changes the sense of the original report.





**A STRATEGY FOR THE FUTURE OFFICER CORPS  
OF THE ROYAL NAVY & THE ROYAL MARINES**

Officers Study Group Report 1993

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**TABLE OF CONTENTS**

**CHAPTER 1 - EXECUTIVE SUMMARY**

1.1	The Challenge	7
1.2	Entry	7
1.3	Commissions	8
1.4	Ranks	9
1.5	Integrate the Royal Marines	9
1.6	Skills	9
1.7	Branches	10
1.8	Promotion System	10
1.9	Size and Shape	10
1.10	Career Progression	11
1.11	Reward	11
1.12	Professional Training	11
1.13	Terms of Service	12
1.14	The Path to Success	12

**CHAPTER 2 - INTRODUCTION**

2.1	Context	13
2.2	Aim	13
2.3	Approach to the Study	13

**CHAPTER 3 - THE NEED FOR CHANGE**

3.1	Scenario	17
3.2	Attitude Surveys	18
3.3	The Future	20
3.4	Assumptions	21
3.5	Managing Change	22

**CHAPTER 4 - METHODOLOGY**

4.1	The Elements	23
4.2	"Why Officer"	24
4.3	"What Officer"	25
4.4	The Process	26

**CHAPTER 5 - DEFINING THE STRUCTURE**

5.1	Preamble	27
5.2	Platform Skills	27
5.3	Instructor Officer Skills	30
5.4	Business Area Skills	31
5.5	Rank Structure	33
5.6	RN/RM Alignment	39
5.7	Size and Shape	41

## CHAPTER 6 - STRUCTURE MANAGEMENT

6.1	Preamble	45
6.2	Lists	45
6.3	Commissions	46
6.4	Initial Commission	47
6.5	Career Commission and Specialist Commission	48
6.6	Commissions from the Lower Deck	49
6.7	Training Wastage	51
6.8	Recruiting	52
6.9	Initial Training	54
6.10	Degree Education	57
6.11	Professional Training	59
6.12	Appointment Lengths	61
6.13	Promotion	62
6.14	Motivation and Retention	66
6.15	Outflow Management	69
6.16	Regeneration	70
6.17	Structure Modelling	71
6.18	Structure Monitoring	73

## CHAPTER 7 - CAREER MANAGEMENT

7.1	Introduction	75
7.2	Commissions	75
7.3	Career Progression	75
7.4	Promotion	78
7.5	Appraisal	79
7.6	Appointing	80
7.7	Terms of Service	81

## CHAPTER 8 - THE NAVAL SUPPORT SERVICES

8.1	Royal Naval Medical Service.	83
8.2	The Royal Naval Chaplaincy Service	84
8.3	The Royal Naval Careers Service	85
8.4	The Royal Naval Family Service	85

## CHAPTER 9 - OVERALL FINANCIAL APPRAISAL

## CHAPTER 10 - THE NEED FOR FURTHER WORK

10.1	Transition Arrangements	89
10.2	Development and Implementation	89
10.3	Consultation	91
10.4	Policy Evaluation	91

CHAPTER 11 - SUMMARY OF MAIN PROPOSALS

11.1	Ethos	93
11.2	Proposals	93
ANNEX A - STUDY DIRECTIVE		97
ANNEX B - TEAM MEMBERS		100



## CHAPTER 1 - EXECUTIVE SUMMARY

### 1.1 The Challenge

A confluence of major events has made necessary a thorough review of the structure of the Royal Navy officer corps. These events include the redefinition of the role of the Royal Navy as a result of the collapse of the Warsaw Pact, the arrival and persistence of a world recession which even in recovery is unlikely to see growth in defence budgets, and major changes in our social structures which, taken in conjunction with demographic factors, will bring both qualitative and quantitative challenges to the Royal Navy officer structure. The officer corps, which has remained essentially unchanged for 37 years, must now respond to this challenge.

The OSG has taken a clean sheet approach to the review looking to 2010. We have assessed many varieties of option which might optimise the performance of the officer structure of the Royal Navy from current and future resources. We have discarded the unworkable and poorer options. We have concentrated on the remainder which preserve the best of the current structure yet recognise the impact of the new challenges outlined above. Much of the research needed for this examination has come from the officer corps itself and the results have been tested against a clear set of principles. The changes proposed will we believe produce a corps which is flexible, cost-effective, up to date, sustainable and practicable, operating in a manner which is rewarding and fair.

We believe that we have emerged with a better structure which not only meets the demands we have identified but brings many significant bonuses, both for the individual and the Service. The report outlines the strategy for a new structure, how it was arrived at and why we believe it will work. A summary of our key proposals is outlined below, grouped under two headings: Structure Management and Career Management.

### STRUCTURE MANAGEMENT

#### 1.2 Entry

##### **Abolish the List System**

We were aware, even prior to the OSG study, that there was some discontent with the current List system. Our survey re-enforced the view that a large element of the officer corps, but particularly those on the SD and SL Lists, find the system both divisive and restrictive. We propose that Lists be abolished. We believe that, in future, all officers should join on the same basis and their careers should advance as far as their talents and endeavours can take them, without the artificial boundaries implicit in restricting career opportunities through Lists.

**Improve  
Education  
Standards**

With a smaller officer corps we need to ensure that basic educational standards, which will reflect the "effective intellect" of our potential officers, are such that entrants have successfully completed education to the age of 18. With the increasing emphasis on education in society generally and the growing numbers of young people remaining longer in secondary education, "A" levels are recognised as the minimum entry standard for potential managers in industry. We believe that the Royal Navy must recognise this reality and in future require its officers on joining to have a minimum of two "A" levels and three GCSEs (or equivalent). This will ensure that the education of our candidates reflects the complexity and responsibility of the tasks we will require them to undertake in the Royal Navy, that they are more able to assimilate intellectually their training and heighten the perception in schools of the quality of the personnel we are seeking.

**Degrees to be  
Taken at  
National  
Universities**

We closely examined the requirement for in-service degrees and believe that a better solution, both for the individual and the Service, is to sponsor our officers at national universities offering degree courses which, where necessary, are tailored to our needs. This would allow our officers to be educated alongside their civilian contemporaries, giving a broader scope of education to the officer and cost effective training for the Service.

**Introduce a  
Potential Officers  
Course.**

We examined methods of reducing the wastage during training and believe that a Potential Officers Course, similar in principle to the course currently run for Royal Marines officers, will provide balanced benefits. It will give the candidate an insight of what to expect when he joins the Naval College (where the proposed Potential Officers Course should be located) and would allow him to judge the calibre of his prospective colleagues and the organisation which he hopes to join. For the Service, evidence from the Royal Marines course suggests that it will have a positive effect on retention during training, will help to reduce training wastage and, through candidates feedback to their schools or universities, provide a positive image of the Royal Navy.

### **1.3 Commissions**

**Officers to Join  
on the Same  
Initial  
Commission**

We believe that the current commission system, which "essentially" can give a career to 50 for some officers on the basis of an interview procedure of less than 48 hours, yet deny other officers who have shown consistent merit over a number of years similar career opportunities, is not in the best interest of the Service or the officer corps. We have proposed the introduction of the same Initial Commission for all officers, irrespective of previous career or education. The Initial Commission will also be available for Chief Petty Officers and Warrant Officers promoted directly to officer. We see this as enabling all officers to compete for a career of their choice within the Royal Navy on the basis of equal opportunity. A full career in the Royal Navy will be available to all officers based on their merit and the requirements of the Service.

## 1.4 Ranks

### **Introduce Substantive One-star Rank**

The OSG employed the services of Hay Management Consultants to assist in an examination of the current rank structure of the Royal Navy. As part of this work, we identified the requirement for an extra management level within the officer structure. We propose that this level should be filled by the introduction of a substantive One-star rank. Officers selected for One-star rank will hold the titles of Commodore/Brigadier or Captain/Colonel depending on their appointments. The introduction of substantive One-star rank will align the Royal Navy more closely with the other two Services on this issue, whilst still giving the flexibility required to do our business.

## 1.5 Integrate the Royal Marines

### **Measures to Integrate the Royal Marines**

Despite the Royal Marines being a key element of the Royal Navy's operational output, their rank equivalence with their Royal Navy counterparts is, as defined in Queen's Regulations, dependent on where they are serving. We view this situation as both anomalous and unfair. It leads to widespread use of local rank among Royal Marines officers serving away from their Corps, and causes uncertainty over their status. The alignment of Royal Marines officers' rank is an essential element in their wider integration into the Royal Navy and would also align their ranks with the other Services and with our NATO allies. Integration would mean that Royal Marines officers would be eligible to compete for common appointments on the same basis as Royal Navy officers of other branches. It is the OSG view that common appointments need to have an element of common experience, which is best imparted during the basic training phase of an officer's initial training. Therefore, an element of common RN/RM basic training is also proposed.

## 1.6 Skills

### **Form Business Skill Groups**

We recognise that the requirement for a military professional, with skills directly related to his wartime role whilst serving in a 'platform' (a surface ship; submarine; aircraft or RM Commando), must be the basis on which the officer corps is structured. In addition, we also recognise the requirement to formalise business area skill groups for middle and senior ranking officers to manage our planning and our resources. This will mean that officers should be better equipped to fill key business area posts, not necessarily directly related to their platform skill. These proposals will allow better control of career development and wider scope for employment for our officers at the more senior level where they may concentrate on the business area skills in which they have a specific aptitude; these skills will also be more transportable into civilian life.

## 1.7 Branches

### **Future Requirement for Four Branches**

On the basis that the future officer structure of the Royal Navy will be driven by the platform skills required of its officers, we have identified the need for four discrete branches: Warfare (W), Engineering (E), Supply (S) and the Corps of Royal Marines (RM). The platform skills of the Instructor (I) branch, namely METOC, should be subsumed into the Warfare branch. The remainder of those essential skills which the current I branch bring to the Royal Navy would be re-allocated after a review and market testing of all relevant posts, with a significant proportion of Instructor officers having the opportunity to transfer to other branches. Thus, whilst the tasks which the I branch currently fulfil will still be required, we propose that the branch, as such, should cease to exist.

## 1.8 Promotion System

### **Introduce Smoothed Promotion to Requirement**

We have examined the promotion system with the aim of making it more responsive to the needs of the Service. The introduction of the smoothed promotion to requirement system will now bring promotion within the officer corps more closely in line with the system operated for our Warrant Officers, Senior and Junior Ratings and the Royal Marines. It will operate by branch, across commissions on merit and use average age as a regulator where necessary to ensure fair competition at each rank.

## 1.9 Size and Shape

### **Fewer Regular Officers**

The inescapable consequence of the reduction of the number of ships in the Royal Navy is that we will require fewer uniformed officers. Our proposals that the skills of our officers are derived from their platform role and that uniformed officers should only be employed where platform experience and specific officer skills are required, should provide a smaller officer corps with increased job satisfaction.

### **Billet Review**

A billet review will be required to validate the platform derived structure.

### **New Strategy will be more Cost Effective**

Our proposals will generate significant financial savings, around £100 million in the LTC period. This is based on the platform derived approach outlined above. We propose some important new investment which must be provided if the subsequent savings are to be achieved and our new strategy set in place.

### **Introduce a Local Service Officer**

We propose a new category of officer, called the Local Service Officer (LSO), whose terms of service should be designed to provide a mid-way option between a Regular officer and a civilian. He would be employed where Naval skills and experience are essential, but mobility is not, except in a crisis. These officers would also provide immediate manpower for the regeneration of the officer corps during a time of national emergency.

## CAREER MANAGEMENT

### 1.10 Career Progression

**Abolish Batches and introduce longer Promotion Zones**

The proposed Smoothed Promotion to Requirement System will have a direct and beneficial impact on officers' career management by removing batches and extending promotion zones. We propose that the present structural control exerted by the batch system which ensures that officers compete for promotion primarily with their peers, should be replaced by a system which allows all officers in zone to compete with each other on merit. The proposed longer zones should greatly reduce the 'overzone syndrome', particularly at Lieutenant Commander rank, thus allowing greater appointing flexibility and providing enhanced career management effectiveness.

**Provide a Fast Track Route**

There should be a facility for high calibre officers to attain "fast track" promotion to Flag Rank.

**Introduce Early Selection to Lieutenant Commander**

We propose that promotion to Lieutenant Commander will be by selection, thereby allowing early promotion for the more able officers.

**Provide a More Balanced Sea/Shore Ratio for Warfare Officers**

The average Engineer or Supply officer completes approximately five years at sea before promotion to Commander compared to some twelve years for his Seaman counterpart. The proposed promotion zones, allied to longer time at the rank of Lieutenant Commander, will provide the appointer with greater flexibility to position staff courses, shore training and sea appointments, allowing a more balanced ratio between sea and shore service.

### 1.11 Reward

**Unlatch Pay from Rank for Trainees**

The system of granting advancement of rank for officers under training, most notably to recognise the additional time spent at university, distorts the rank structure. We believe that reward for extra skills or academic achievement should be recognised by pay or bonus, and not rank.

**Reward skill and experience**

We recognise that there are specific skills which the Royal Navy needs to retain but which perhaps do not need officers of a higher rank. We propose that in such circumstances, pay and rank should be de-linked and that pay bands between ranks should overlap more markedly to provide additional flexibility.

### 1.12 Professional Training

The quality and variety of the current professional training provided to officers makes a significant contribution to the Royal Navy's enviable reputation for high operational effectiveness. We do not therefore

propose any major changes to the content or length of present professional training. There will however be some changes which will result directly from our proposed new branch, entry and commission arrangements. We propose that engineer officer application courses should take place at the appropriate shore establishment, immediately after initial training. All aircrew training should commence immediately after completion of basic training, which should include initial sea training. The METOC qualification will form part of the warfare branch skills and officers should attend the appropriate course during their Initial Commission; subsequently, in common with MCD, MW, H and FC officers, they may be selected for PWO training.

**Increase Staff  
Training**

All officers selected for a career commission should normally complete an Initial Staff Course, or its equivalent for RM officers. Those warfare officers selected for a career commission should complete the ISC before attending the Principal Warfare Officers' (PWO) course. We strongly support the increasing emphasis being placed on staff training and propose that all career officers with the potential for promotion to Commander should attend the RN Staff Course, or one of its equivalents.

### **1.13 Terms of Service**

**Introduce a  
Terms of Service  
Document**

We propose the introduction of a Terms of Service document which would be issued to officers on joining and be used as an integral part of recruiting publicity. The document would include information on entry, commission, branch and specialisation, pay and pensions, career review points and promotion. It is envisaged it would be updated at major changes in an officer's career, such as on selection for career commission.

### **1.14 The Path to Success**

Our strategy builds on the current proven strengths of the officer corps whilst recognising the need and inevitability of change. We believe our proposals are comprehensive and coherent thus ensuring that the officer corps is ready to meet the challenges of the future. We are confident that the new structure will prove of positive benefit to both the individual and the Service. We do however recognise the vital importance of establishing efficient and acceptable transitional arrangements so that the careers and terms of service of serving officers are taken fully into consideration.

We do not envisage the Royal Navy embarking on the scale of change we are proposing without universal and unequivocal support, not least in providing the necessary resources to ensure a smooth transition. Finally we envisage an open and honest IPR programme throughout the implementation process.

## CHAPTER 2 - INTRODUCTION

### 2.1 Context

#### Genesis

People of high quality, motivated, well trained and well led, are the key to the achievement of the Royal Navy's tasks in peace, crisis and war. Most crucial are our officers, in whose hands the effective leadership and management of the Navy lies. The last comprehensive review of the officer corps was conducted by Vice Admiral Mansergh nearly 40 years ago, and this led to the changes outlined in AFO 1/56. Much has changed since - politically, strategically, economically and socially - and the future holds considerable uncertainty as the world emerges from the end of the Cold War and we face the ensuing instability brought about by the collapse of the Warsaw Pact. As a result, the uncertainty of future conflicts will be more challenging, and the qualities and attributes required of the future officer more vital. With reducing resources being made available for Defence, the challenge is to maintain a proper balance between 'people' and 'money'.

Against this backdrop of change, the Navy Board recognised a clear and pressing requirement for a comprehensive, thorough, clean-sheet review of how the Officer Corps should be structured and managed to take the Royal Navy into the next century. This review needed to take into account the Navy's predicted capabilities, missions and modus operandi and the implicit requirement for regeneration from a smaller and more mobile Service. (The Study Directive is at Annex A).

### 2.2 Aim

The Study is to address the structure of the officer corps of the Royal Navy and the Royal Marines and make proposals such that the operational and administrative needs of the Service are met with proper regard to efficiency and economy from 1995 into the foreseeable future.

### 2.3 Approach to the Study

#### Resources, Timescale and Method of Working

An Officers' Study Group under the leadership of Vice Admiral Layard (Annex B) formed on 1 April 1992 with the original remit to complete the Study within 12 months and make appropriate proposals, with an implementation plan. It soon became clear that, with the scale and complexity of the task, this time frame was impractical. Board members were advised, and accepted, that what the OSG should produce for the Navy Board was a coherent **strategy** for the future backed by broad order costs, risk assessments and first thoughts on transition. Then would follow a further year of development and financial appraisal, increasingly involving line management, with a view to the Navy Board endorsing an implementation plan in the Spring of 1994 to be put into effect mainly by 1 April 1996, with as short a transition phase as possible.

The OSG reported periodically to the Navy Board, with the Second Sea Lord as the sponsor, to keep them informed and to allow them to influence the direction of the study. This was essential in view of the breadth of the task and the interaction between the various discrete areas of work (Entry, Commissions, Branch Structure, Career Management, Promotions etc). Because of these interactions, changes to one area could affect another and hence the overall package would only become clear towards the end of the Study. In all, we briefed the Navy Board nine times, culminating in the final presentation of our composite findings at the Royal Naval College Greenwich on 25 March 1993.

**Scope**

Most aspects of the officer corps were to be reviewed from entry to pension for the period 1995 into the foreseeable future - we took this to be up to the year 2010. However, despite the breadth of the review there were some inevitable constraints on our freedom of action. Ideally, the study would have been given the "output" (in the form of defence capability) which the Royal Navy is required to provide and then invited to examine the organisation which provides it and the manpower required to do it. Lack of time or a steady backdrop made this impracticable. In addition, as the Study progressed, a number of issues arose which affected the scope of our work:

- Time did not permit more than a cursory examination of the RN Medical Services and a discrete study is required to carry work forward. This is in hand.
- The inter-action between the officer corps and non-commissioned officers, notably Warrant Officers, pointed towards the need for a study of the rating structure during the Development Phase. This is also in hand.
- The Army and the Royal Air Force commissioned similar studies to comparable time frames and it was important that the three Study Teams cross-referred their work and carried common themes forward into the Principal Personnel Officers' (PPO's) forum.

**Impact of Change**

Finally it was recognised by the team that, despite near universal endorsement of the need for a more up-to-date officer corps structure, there was an understandable reluctance to add further to the already near perpetual state of change. Early, honest and clear publicity would be essential; having taken due regard of the need for an imaginative and logical implementation plan. Firm, positive leadership down the management chain would also be required.

**The Royal Marines**

The Royal Marines, traditionally a separate corps of the regular forces, provide the amphibious troops for the Royal Navy, the major operational output of which is the Commando Brigade. Royal Marines officers have different terms of service from their naval counterparts (they have an earlier retirement age, for example), different promotion and appointing

systems and different ranks. While they use Army ranks and titles, their rank equivalence in both a naval and tri-Service environment depends on whether they are "borne on the books of any of HM ships or naval establishments", or elsewhere, as defined in Queen's Regulations for the Royal Navy. Royal Marines officers are well recruited, have a large proportion of graduate entrants and have a high average Admiralty Interview Board final board mark.

As a result of the Options and Prospect studies and the shrinkage of the armed forces in general the concept of maintaining the Royal Marines as a separate corps has been increasingly questioned. Amphibious forces are an essential element of the Royal Navy's power projection capability and an integral part of future planning; the Royal Marines are uniquely qualified for the task by experience, history and tradition. The Navy Board has directed therefore, that Royal Marines officers will be integrated into the Royal Navy and have comparable terms of service, promotion and appointment opportunities as their naval contemporaries, where this is compatible with their role. Throughout this report, therefore, reference to naval officers or the Royal Navy should be understood to include Royal Marines officers unless it is specifically stated otherwise.

**Gender** Our report is intended to be gender free. Reference to naval officers and ratings should be taken to include both male and female personnel.

**Consultation and Liaison** We consulted widely in the preparation of this report. The Head of the OSG personally consulted with 48 senior naval officers of Two-star rank and above (41 serving and 7 retired) and laid particular emphasis on close liaison with the Tribal Chiefs, Type Commanders and Navy Board representatives. The views of the officer corps were sought through an attitude questionnaire which was sent to 2,500 serving officers and Warrant Officers and through other smaller surveys; the management concepts of the private sector were examined and liaison established with major public companies, notably Marks & Spencer, British Airways and P & O. The Chief Executive of a multi-national health care company, Mr John Burke who has extensive experience of restructuring large commercial organisations, was appointed a non-executive member of the OSG and the services of Hay Management Consultants were used to assist in the evaluation of the Royal Navy rank structure. The other Services, Central staffs, Treasury and Office of Manpower Economics were consulted as were a number of other Government departments. The views of other navies were also sought, most notably those of the United States, the Netherlands, Australia and France.

**The Report** This report reflects the first year's work by the OSG and seeks to present our findings in a format that reflects the Board's earlier involvement and is dedicated to helping their decision making. The report is more a trigger and agenda than a tool for the Development Phase. A separate, detailed and documented library of OSG data is available for that purpose.



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## CHAPTER 3 - THE NEED FOR CHANGE

### 3.1 Scenario

#### The Current Officer Corps

AFO 1/56 put all career officers on the same basis on a new General List; it introduced the Supplementary and Special Duties Lists and based promotion on career factors and an "even flow" quota system. The underlying study was not concerned unduly with the prospect of a Navy which would be decreasing steadily in size; it was not based on a clean sheet approach to skills, specialisations and branches and it did not address in detail the size, shape, or costs. Since then the Navy has gone through several scrutines and changes and been reduced in size and mission accordingly (the latest due to Options for Change and the Prospect HQ rationalisation). This turbulence has highlighted one major weakness of the AFO 1/56 structure, its lack of flexibility in the management of the officer corps. This also brings into question the sustainability of the corps as it reduces in size, and the cost-effectiveness of the mechanisms now in place. In the context of the OSG, improved cost-effectiveness is not shorthand for a savings measure. Clear reference is made in the report where cost implications have been a significant consideration in the decision making process.

#### Financial Implications

In recent years much tighter financial control has been applied across the defence spectrum, epitomised by NMS; this in turn has led to financial delegation and much clearer visibility of the costs of manpower down the management chain. The need for a high-quality, well trained, motivated and sensitively managed officer corps is paramount; however, this has to be balanced against the requirement for maximum flexibility in the use of, and control of, manpower resources. Sharply reduced resources for defence focus attention increasingly on the need to achieve greater value from those which are provided.

#### Officer/Rating Ratios

A view aired by a number of people interviewed was that compared with other Services the RN officer-to-rating ratio was rich. An examination of this aspect produced the following statistics:

Service	Officer/rating (other ranks) ratio
RN	1:5.6
ARMY	1:7.6
RAF	1:4.8
RM	1:9.7

However, in an increasingly technological navy, with a large aviation element, it is considered neither practicable nor desirable to reduce the size of the officer corps merely to emulate the Army or Royal Marines ratios. Instead the ratios must emerge from the tasks that need to be done by officers which in turn are derived from the OSG's clean sheet approach to the RN's business.

**Scope for De-enrichment** Two factors have contributed to the perception of an over-rich officer corps; rank drift upwards due to the system of promotion to career factor, and the introduction of warrant officers coincident with the SD list, which discouraged de-enrichment of suitable officer posts to Warrant Officer. The OSG therefore believes there is some scope for de-enrichment both within the officer corps and down to Warrant Officers which will enhance responsibility and job satisfaction. We were nevertheless conscious of the need to avoid an unacceptable increase in the work load at any level of the process.

### 3.2 Attitude Surveys

**Need** We placed a high level of importance on the need to gather the views of serving officers and Warrant Officers on career opportunities and rewards, and on career management processes. As well as identifying currently perceived weaknesses, this information was essential to ensure that wherever possible, proposed changes would be an improvement and that we would retain the current good points. The most effective and efficient method to gather such information is by questionnaire-based survey.

**OSG/IMS Survey** The Institute of Manpower Studies (IMS) was contracted to design a questionnaire and conduct a survey of a statistically significant proportion of the officer/Warrant Officer corps. This survey was designed to collect detailed information on such topics as expectations on joining the Service, views on initial and subsequent training, opinions about promotion, reporting and reward and related personnel procedures, respondents' views on current career processes and the existing career structure, and measures of job interest and career satisfaction. The survey questionnaire also collected information about the career history of the respondents in order that analysis explore the interrelationships between the variables of attitude and background of respondents such as rank, specialisation, list and other aspects of their career history. Around 2,500 questionnaires were distributed, and just under 2,000 were returned; a commendable response rate of 79%.

**Survey Results** In the main, this survey shows that officers and Warrant Officers find their jobs interesting and rewarding, with a high degree of satisfaction with most aspects of their career and structure management. The points which were identified as particular issues, or where there was a degree of dissatisfaction, were:

- **Lists.** There was general agreement that the present list system is too complicated, divisive and unfair. Officers currently on the Supplementary or Special Duties lists, in particular, were less happy about many aspects of the way the present system operates
- **Warrant Officer careers.** Warrant Officers had strong views about the career paths and career options open to them. While they were generally satisfied with their jobs and many aspects of their

careers, they felt most strongly that there should be more opportunities for career advancement at a later stage in their service

■ **Royal Marines integration.** The survey found some evidence that Royal Marines officers felt isolated from the rest of the Navy and a strong feeling that there should be more Royal Navy/Royal Marines common appointments

■ **Women.** Our survey showed that many women have been happy with the limited careers traditionally available to them in the WRNS. As the integration of women to full terms of service takes place, the 2SL PLT has identified concerns among those remaining on the old non-seagoing terms that their prospects are currently being unduly constrained

#### Other Surveys

In addition to the OSG/IMS questionnaire survey, other surveys were carried out as follows:

- At Two-star level to assess training needs for higher posts
- At junior officer level at Britannia Royal Naval College Dartmouth and Commando Training Centre Royal Marines Lympstone to determine attitudes to commission lengths, envisaged length of service, expectations of early training and the reality, and views on Potential Officer Courses
- Amongst RN Bursary holders at university to determine career aspirations and expectations

In addition the following observations were forthcoming in the course of the team's discussions with the officer corps:

- Too many methods of entry (84)
- Decreasing sea experience opportunities and growing sea/shore imbalance
- Too few common appointments (40% for Captains)
- Significant rank drift through promotion to career factor
- Capped promotion zones demotivating for those overzone

The results from these surveys and observations provided us with much useful data across a range of issues. Specific findings are referred to where appropriate in the body of this report.

### 3.3 The Future

One of our most difficult early tasks was trying to predict the future environment in which the Royal Navy will be operating. We took advice from a wide variety of sources and commissioned a Scenario Paper from the Department of History and International Affairs at the Royal Naval College Greenwich entitled "The World in 2010". A number of broad themes emerged which were in accord with the OSGs own perception and deductions of the future.

**The  
Politico-Military  
Dimension**

The most significant potential cause of disorder - an attack on the United Kingdom by the Soviet Union and Warsaw Pact - has diminished, though the capability remains. (Recent events highlight the risks of fragmentation, instability and disorder in Russia with correspondingly greater uncertainty about the future course of events). We may now be entering a period of uncertainties where defence planners need to contemplate a wide variety of commitments and requirements. In the future the Country may be required to provide forces to resolve a number of smaller and potentially less predictable causes of international disorder around the world. This is not a new concept for UK forces which, within the last decade, have been successfully deployed to the Falklands and, most recently, to the Gulf and the Adriatic. However, the economic, political and military costs of the deployment of forces will increasingly become too large for the Country to bear alone. Accordingly, we expect the Royal Navy to find itself regularly involved in peace-keeping and peace-enforcing operations under the auspices of the United Nations, NATO or the Western European Union. However, the cost of the UK's commitments abroad will have to be more finely balanced against domestic demands on public expenditure, which is inexorably bound with the UK's economic performance. The country's relative economic decline will result in an increased reluctance to spend money in such apparently "unproductive" areas of national activity as defence.

By the year 2010 therefore, it is likely that the UK's independent role in the management of disorder will be less significant. Constrained by domestic priorities, the UK may be forced to reduce its defence expenditure. There will be a greater emphasis on the flexibility of military operations and despite a probably much reduced presence on the European mainland, we expect serious and overt commitment to military cooperation within the European Community, demonstrated by the maintenance of flexible forces in the UK itself and by the regular conduct of military exercises and exchanges with our European allies. For the Royal Navy, there will be a shift of its main emphasis from ASW towards developing an enhanced power projection capability. Indeed, it is apparent that "the consensus in the United States has already been established that the required projection capability will be of a "littoral" nature, with a concentration not on power at sea but on power from the sea....a navy that does not prioritise projection capacity of some sort is unlikely to continue to be a major player on the maritime scene".

<b>Socio-Economic Trends</b>	<p>In the mid 1990s the UK population will contain around 30% fewer in the 18 to late-20s age group compared with the mid 1980s. From within these reduced numbers an increasing proportion of school leavers will enter higher education, thus cutting the number of high-quality sixth formers seeking employment. Proportionally more graduates will emerge from universities, but output in the areas of mechanical, electrical, electronic and aeronautical engineering, and in military-relevant science subjects, will show little growth. Though our analysis suggests a significantly smaller officer corps in the future, requiring fewer entrants to support it, the Service will inevitably encounter strong competition for able sixth-form students and graduates. Two factors may, however, alleviate the demographic impact on the RN officer corps - the "trough" effect is much less marked within the socio-economic groups (I &amp; II) which currently supply over 50% of officer entrants and there is a largely untapped source of female graduates (with women currently forming only 5% of the officer corps). The effects of the demographic trough will gradually reduce around the millennium.</p>
<b>Attitudes to Defence</b>	<p>The collapse of the direct threat from the Soviet Union and the Warsaw Pact and the search by Western Governments for a "peace dividend" during recession, is likely to lead to a continuing decline in the appeal, and the perceived status and relevance, of a military career. The Scenario Paper considered that it will be increasingly difficult for the RN to attract, train and keep the high quality personnel which it requires.</p>
<b>Attitudes to Work</b>	<p>In a survey carried out by the Institute of Manpower Studies (IMS) in 1990, it was suggested that attitudes to work were becoming increasingly focused on psychological and status needs and on the income a job will provide to support a chosen lifestyle, rather than the traditional concept of following a vocation. Our contacts with commercial firms confirm that this perception still prevails.</p>
<b>Career Mobility</b>	<p>Over recent years there has been a significant shift of emphasis from long careers in one organisation to shorter periods of employment in different companies and/or in different fields. Also legislation ensuring the portability of pension rights has removed a principal source of loyalty to an employer.</p>
<b>Social and Leisure Priorities</b>	<p>The IMS report also highlighted the continuing importance individuals attach to meeting family obligations.</p>

### **3.4 Assumptions**

The OSG has, as its work has progressed, developed a number of core assumptions that underpin the final recommended structure.

- Current operational roles continue and military capability is maintained

- The Royal Marines officer corps will be integrated within the Royal Navy
- The Royal Fleet Auxiliary vessels will continue to be civilian manned
- WBD, MEBD and AE Trade Restructuring will be fully implemented
- The key drivers for the OSG are enhanced flexibility and cost-effectiveness
- There should be commonality in officers basic training as far as it is practicable
- The composition of the officer corps will be primarily driven by platform (ie surface, submarine, Fleet Air Arm or Royal Marines) and direct support needs
- Minimum eyesight standards on entry will remain in line with those currently applied
- In principle, de-enrichment of the officer corps is desirable
- Annual promotion boards and annual reporting will have been introduced by line management

### **3.5 Managing Change**

Given the uncertain nature of the future task and continuing reductions in available resources, we concluded that the structure and management mechanisms which we propose must be capable of working effectively during a process of continuing change. It is no longer adequate to plan for a notional "steady state" which may never in fact arrive.

## CHAPTER 4 - METHODOLOGY

### 4.1 The Elements

#### Clean Sheet Approach

The approach to the study required a thorough understanding of the origin, development, attributes and frailties of the current officer corps structure and an appreciation of strengths and weaknesses of similar structures in the public and private sectors. We considered it essential to assess options derived using a 'clean sheet' approach against a set of criteria before further developing proposals. The criteria varied to match the issue but invariably included:

- The implications for the structure
- The aspirations of the individual
- Financial impact
- Ease of implementation
- The agreed principles

#### Principles

The principles we established defined the way that the officer corps of the future should be structured and managed, thus providing an essential backdrop to proposal development. They were applied both qualitatively and quantitatively to derive the relative merits of competing options using the weighting factors as shown in Figure 1.

Figure 1 - THE PRINCIPLES FOR THE OFFICER CORPS

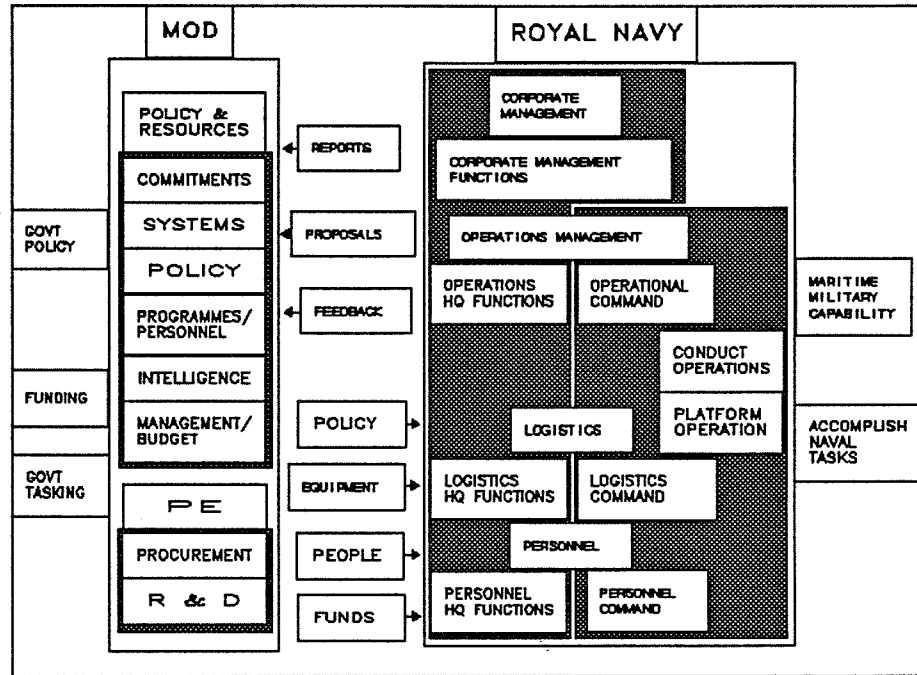
PRINCIPLE	DESCRIPTION	WEIGHT
FLEXIBLE	providing both a timely, non-disruptive response to changing tasks, political initiatives and evolving management needs and a template for regeneration in times of national emergency	4
COST- EFFECTIVE	employing officers only where specific officer skills or attributes are required, within a straightforward framework which provides cost-effective training at the right time to meet planned career development.	4
UP-TO-DATE	providing a career that is in tune with contemporary social expectations and working practices.	2
SUSTAINABLE	providing sufficient officers with the appropriate skills, experience and personal attributes to maintain operational and administrative effectiveness.	4
REWARDING	offering jobs, and terms and conditions of service which stimulate motivation and encourage recruitment and retention.	2
FAIR	providing entry and promotion opportunities that are easily understood and open to all (including ratings) on merit, and an equitable remuneration package.	2
PRACTICABLE	capable of implementation and workable thereafter without undue difficulty, recognising both external and internal constraints.	4

#### Business Model

The methodology requires a clear understanding of the tasks involved in the management of naval business and the relationship between various

management functions. A top-level business model (Figure 2) was developed to meet this need, using the MOD Departmental Plan, RN Management Plans, current organisational structures and functional area information strategy reports.

Figure 2 - TOP LEVEL BUSINESS MODEL



**Nomenclature**

The business model defines for OSG purposes the specific areas of naval business, both within the naval service and within the wider, tri-Service environment. The **operational area** comprises the conduct of operations and the direct support elements of operational management, logistics and personnel. The **functional area** encompasses Royal Navy corporate management and the headquarters elements of operations management, logistics and personnel together with MOD policy & resources and procurement. We define the **business area** as direct support and functional area activity but recognise that in many direct support appointments, the need for platform-related rather than business-related skill will predominate.

**4.2 "Why Officer"**

In starting from first principles, there was a clear need to form a view about the need for uniformed officers, as opposed to non-commissioned officers, civilians or contractors, in all areas of naval business. Uniformed personnel are required to operate those platforms which are designed for offensive action and to fulfil key command and direct support functions, their roles requiring a broad spectrum of personal attributes and skills. Officers, however they are developed, are essential in a military hierarchy but this does not imply a clear divide between officers and

ratings. There should be an overlap at the senior rating/junior officer level, the senior rating's experience and depth of knowledge complementing the junior officer's effective intellect and breadth of vision, the balance between Lieutenant and Warrant Officer arranged to ensure that both officer and rating career development needs are met in the most cost-effective way. It is our view that all professional naval officers should have the personal attributes summarised in Figure 3.

Figure 3 - COMMON ATTRIBUTES

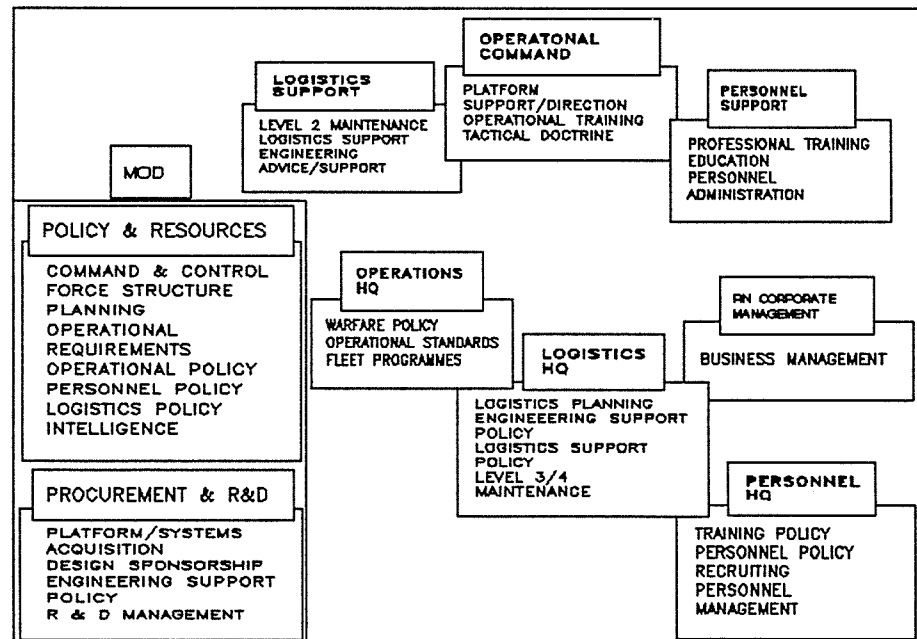
ATTRIBUTES
Effective intellect
Physical fitness
Self-confidence
Leadership potential
Commonsense
Motivation
Mechanical aptitude
Courage
Presence
Resilience

### 4.3 "What Officer"

#### Civilians and Contractors

Officers with operational experience are required in almost all business areas, both naval service and MOD-related, but we perceive that there is scope to improve cost-effectiveness by increasing the use of less expensive categories of officer - whether directly-employed civilian (including ROs) or contractor. Again, the balance must be struck; not only must naval officer representation be sufficient to provide the operational focus but also attractive career opportunities for naval officers, particularly at the higher ranks, must be provided. Figure 4 summarises the business functions identified as needing naval officer involvement.

Figure 4 - RELEVANT BUSINESS AREA FUNCTIONS



**The Local  
Service Officer**

A vehicle for increasing the cost-effectiveness of the officer corps is the inclusion of a Local Service Officer (LSO) category. Designed to provide a mid-way option between the regular officer and the civilian officer, the LSO could be used where naval skills and experience are essential but mobility, except in a crisis, is not. Such officers would serve under terms of service which offer them employment in a particular area and do not require further sea service. They would not be eligible for the full X-factor, education or mobility allowances, or for public accommodation and would be liable to be recalled to full regular service in times of need, when either the full remuneration package would be restored or an appropriate financial reward provided.

#### **4.4 The Process**

The business model was used to identify key officer tasks, the first step in deriving the required skill spectrum, and by overlaying naval service authorities, to assist in resolving size and shape issues.

It is not possible without more detailed analysis of the rank, skill and experience requirements for individual posts to define in quantitative terms the scope for de-enrichment, civilianisation or contractorisation. The approach adopted was to determine the size and shape of the officer corps based on meeting the platform requirement, overall numbers being controlled by a combination of junior officer platform appointments and promotion factors achieved in the current structure. It is judged that the resultant shortfall against current predictions for the shore requirement can be met using Warrant Officers, civilians, contractors or LSOs in lieu of regular officers but this cannot be confirmed until a full review of the requirement, an essential part of the follow on work, has been completed.

In reaching a final view on the officer/rating/civilian/contractor balance, there will be a need to consider the overall effects on:

- Regeneration capability and war roles.
- The regular corps structure.
- The sea/shore ratio.
- Training.
- Costs.
- Morale and retention.

## CHAPTER 5 - DEFINING THE STRUCTURE

### 5.1 Preamble

Defining the structure is the process of establishing officer skill groups, ranks and predicted numbers to meet the needs of the Service.

#### Nomenclature

Skill group analysis required the development and use of an OSG nomenclature, not only to aid clarity but also to ensure a consistent approach. The term **platform** is used to describe the surface ship, submarine, aircraft and RM Unit or a group of such units. A **branch** defines a professional group, a **specialisation** is platform type-related, a **qualification** relates to a professional group within a specialisation and an **additional qualification** (adqual) represents deep expertise within a qualification.

#### Skill Requirement

Naval business can be divided into two distinct areas:

- **The operational area** - comprising platform operation and direct support
- **The functional area** - comprising naval and MOD HQ functions.

For the Royal Navy and the Royal Marines to be effective, platform operation requires an officer corps of military professionals whereas officers employed in direct support and in the functional area need to be business managers. The skills, knowledge and experience needed by the military professional are not necessarily the same as those needed by the professional business manager.

#### Skill Development

OSG methodology is based on the premise that the only satisfactory way to develop the skills required within the officer corps is to develop the military professional and then grow the business manager - growing professionalism in this context implying further development of existing skills by training and experience in a related field to acquire particular additional skills. Primacy was thus given to deriving platform-related skills. We then considered the requirement for branches, specialisations and qualifications before addressing business area needs. The associated rank structure, including the alignment of RM ranks, was considered and, finally, the size and shape of the officer corps based on current and predicted LTC assumptions was estimated.

### 5.2 Platform Skills

All professional naval officers need to have acquired common skills and knowledge during initial training before beginning specific platform training. Most platform skills fall into coherent professional groups relating to 'warfare', 'engineering', 'stores' or 'people' activity; some,

such as NBCD management, secretarial and whole ship management are more task than profession orientated. There is a need for operational logistics expertise at platform level but we conclude that this requires a warfare skill lead with engineering, stores and people professional input.

**Platform Skill Groups**

A key issue is the way that skill groups should be combined to best meet OSG principles, match group skills with vocation, academic and eyesight pre-requisites, optimise training time and cost, and maintain professionalism. In general terms, options include:

- **Common training** and employment for all officers
- **Specialist training** as required to match employment needs
- Professional development within a **branch structure**

**Common Training**

Common training and employment for all officers represents a more generalist approach than the US Navy Line Officer concept; it requires all officers to have the educational background to acquire a high level of technical literacy and is thus considered neither practicable nor sustainable for the Royal Navy.

**Specialist Training**

Specialist training as required to match employment needs differs from common training and employment in that sufficient professional training is provided at the appropriate time to fit individual officers for particular appointments, matching vocational leanings and educational background with the needs of the Service. This branchless option appears an attractive way of enhancing flexibility and career opportunities but, when measured against all OSG criteria, the disadvantages outweigh the advantages; we judge that the cost-effectiveness of the option is poor, its practicability doubtful and that it would jeopardise our ability to maintain operational effectiveness.

**Branch Structure**

Within a traditional branch-related structure, combining warfare and engineering skills meets none of our requirements and the only practical RN branch options are:

- **Two Branches** - (Warfare + People) and (Engineering + Stores)
- **Three Branches** - (Warfare), (Engineering) and (Stores + People)

Our judgement is that a separate branch for stores and people skills will best meet Service needs, particularly on sustainability and practicability grounds. Also, we recognise the added value of the professional supply officer when compared to the consequences of dividing his skills and responsibilities between warfare and engineer officers.

**Specialisation Needs**

Examination of the need for specific skills related to individual platforms justifies warfare and engineering skill group specialisation in surface ships, submarines and the Fleet Air Arm. RM specialisation needs are, however, sufficiently different from the others to justify a separate RM branch.

**Qualifications  
and Adquals**

Qualifications and associated Adquals are generated to provide particular skills within a specialisation. They will change in nature and number depending on such factors as the threat, the need to exploit new technology and operational needs; in short, an evolving inventory. Our analysis of foreseeable trends in technology and the threat revealed no reason for major change to the current X, S and RM Corps qualifications apart from incorporating the METOC qualification in the future Warfare branch.

We perceived that the 'platform engineer' concept, based on the multi-disciplined FAA(AE) model, for surface ships and submarines was worthy of further examination because of its potential for improving cost-effectiveness. Also, we were acutely aware of the perception that engineer officers' career opportunities are limited by their exclusion from sea command, that the implementation of WBD has altered the relationship between the WEO and the resources he needs to discharge his responsibilities and the Navy Board's stated wish to develop the user-maintainer principle. Thus, as part of our qualification work, we revisited some of our earlier conclusions.

**Engineer  
Officer Options**

The viability of the current engineer officer structure, the likely impact of developing technology, the need to optimise flexibility and cost-effectiveness and engineer officer career opportunities were examined to ensure that all possibilities were explored. The concept of unitary responsibility - vesting in one officer the responsibility for all aspects of an activity and providing him with the resources needed to deliver the required output - was used as a vehicle for the analysis. Only a surface ship platform engineer biased towards the current WEO function or a surface ship operator/maintainer WEO - as opposed to user/maintainer WEO - were potential options. However, neither proved practicable and we therefore concluded that the status quo should be retained.

**Engineer  
Officer Degree  
Education**

During the analysis of engineer officer options, we examined the need for degree-educated engineer officers. The national professional qualification of Chartered Engineer requires accredited degree education as well as appropriate training and experience, and it is the Royal Navy's current practice to ensure that all non-SD engineer officers (52% of Lieutenants) have the qualifications to permit them to acquire chartered status. SD officers qualify for recognition as Incorporated Engineers and their professionalism in platform-related appointments is comparable to that of their degree-educated counterparts because of their in-depth training and breadth of experience.

It is our view that as long as naval units are deployed following established patterns, major war vessels, minor war vessel squadrons and Naval Air Squadrons require professional engineering expertise at Head of Department level. The intellectual challenge inherent in such appointments is increasing, particularly for WEs and AEs, and will require an increasing number of officers with the intellectual agility that

degree education imparts. Engineer officers serving in many business area engineering posts need the professional qualifications of their peers in the Defence Engineering Service and the credibility that such qualification provides when dealing with industry; some posts require the experience embodied in the current SD officer.

We conclude that all future direct entry engineer officers require engineering degree education. Platform-related engineering posts can be filled by technician-trained and experienced officers but there is an increasing need for them to be filled by degree-educated officers. Degree-educated officers are, in any case, required to fill the majority of higher level appointments in the business area, for which they require platform experience. Thus we see a continuing need for a mix of ex-lower deck and degree-educated engineer officers but we expect the proportion of degree-educated officers to increase to match the requirement.

**The 'No  
Branches'  
Alternative**

The recurring theme is the need for distinct professional groups at branch, specialisation and qualification level. Despite some penalty in flexibility that this implies - a penalty we perceive to be more notional than actual - the overall balance of advantage of formal professional grouping when measured against all our principles is positive. The only alternative is to retain specialisation and qualification groups but have no formal branches, a structure similar to that adopted recently by the RAN. This approach could serve to re-enforce the "all of one company" ethos but would, in our view, increase structure management difficulties and erode, rather than foster, the professionalism of the officer corps.

**Key Proposal**

Thus, we propose that the future officer corps structure should comprise four platform-related branches: Warfare; Engineering; Supply; and the Corps of Royal Marines.

### **5.3 Instructor Officer Skills**

A direct result of the platform-based branches is that the current Instructor specialisation is not identified as a discrete group. We thus addressed the re-distribution of the current instructor officer skills and the related arrangements for the transition from the current branch structure to that proposed. We appreciate the important contribution that the instructor officer makes to all aspects of naval business, not least in the support and management of all training establishment activities, and stress the need to ensure that we retain essential skills within the new officer corps. To map the way ahead, current instructor officer skills that we need to retain must be clearly established; this will require a review of all relevant posts as well as analysis of the results of planned market testing activity. In parallel, opportunities for instructor officers to transfer to other branches must be identified and promulgated.

The distribution of the skills embodied in the current 600-strong Instructor specialisation are illustrated in Figure 5. We propose that METOC skills

should form part of the new warfare branch professional spectrum.

**The Training Task**

Of the other skills, we judge that retaining training expertise - fundamental to the sustainability of the officer corps - is of particular importance. The total training task comprises training design, execution of both professional and academic training, quality control and management. We envisage that:

**Figure 5 - CURRENT INSTRUCTOR OFFICER SKILLS**

SKILL	PERCENTAGE OF OFFICERS
METOC	17%
TRAINING TECHNOLOGY	7%
TECHNICAL TRAINING	31%
SM/RM	9%
INFORMATION TECHNOLOGY	15%
EDUCATION & RESETTLEMENT	6%
OTHER (CMA,INT etc)	15%

- **Training Design.** The task will continue to be undertaken by some civilians or contractors but more than at present will be undertaken by officers of all branches developing their training skills.
- **Training Execution.** We assess that the expertise to fulfil the academic element of training execution need not be retained within the officer corps. Officers of all branches will be required to fulfil professional training execution tasks.
- **Quality Control.** Officers of all branches will need to be more involved in the quality control function.
- **Training Management.** We see the whole of the management task in the future being undertaken by officers who have acquired training skills.

To illustrate the scale of the change, we estimate that some 30 percent of the current instructor officer requirement for the training process should be retained within the proposed new structure.

**5.4 Business Area Skills**

**Skill Requirement**

We conclude from our analysis of business area needs that some improvement in the professionalism of the officer corps is vital if we are to meet the significant management challenges of the future. This does not imply dilution in the value we attach to the leadership and staff skills required by the 'military professional' but we do see the need for an additional focus to ensure that officers are well prepared for business area appointments. A clear corollary is the need to enhance the objectivity of career and professional development. Business area skills were thus quantified in order to assess the impact and practicability of the concept.

**Common Skills**

The business manager needs to acquire both common management skills and, where applicable, skills required to meet identified business needs. Common skills identified include for example:

- Civilian management
- Contract management
- Managing resources
- Strategic planning
- Management planning

We recommend that the development of common skills should be given due priority in the existing staff course syllabi and that staff training should be provided for all officers likely to be appointed to middle and senior management posts. It is our view that all career officers should attend the Initial Staff Course and all officers with the potential for promotion to Commander should attend the RN Staff Course or its equivalent. Achieving these targets will mean that even in a reducing officer corps, the annual staff training throughput will remain at, or slightly exceed, today's figure; we estimate that the RN Staff Course capacity will need to cater for 70 RN and RM officers in the year 2000.

**Skill Groups**

We developed specific skill requirements from business area tasks deemed appropriate for regular officers, as opposed to civilians, contractors or reserves. There is a clear requirement for more expertise in some areas than in others and the skill groups are thus designated 'generalist' or 'specialist' following the premise that generalist skill can be acquired within a normal career pattern. The skill groups identified differ from, but are related to, those needed for platform operation and that relationship, governed by the core platform skills from which the business area skill can be developed, is shown at Figures 6 and 7.

**Figure 6 - GENERALIST BUSINESS AREA SKILL GROUPS**

GENERALIST BUSINESS AREA SKILL GROUPS	PLATFORM BRANCH			
	W	E	S	RM
OPERATIONS	*			*
LOGISTICS	*	*	*	*
PERSONNEL	*	*	*	*
INTELLIGENCE	*	*		*
TRAINING	*	*	*	*
ENGINEERING		*		
PROJECT MANAGEMENT	<--- ANY --->			

**Skill Development**

We judge that the acquisition of a generalist skill at director level requires general management training, relevant specific training and two business area appointments, one needing platform-related experience and one needing related business area experience. In general terms, the acquisition of a specialist skill requires additional experience and/or training:

- Information systems management skill is a hybrid of IT and management skill developed by IT training and both business analyst

and business management appointments.

**Figure 7 - SPECIALIST BUSINESS AREA SKILL GROUPS**

■ Hydrography and METOC skills are developed by training and experience in both platform and business area appointments.

■ Legal skill is acquired by barrister training and employment.

SPECIALIST BUSINESS AREA SKILL GROUPS	PLATFORM BRANCH			
	W	E	S	RM
HYDROGRAPHY	*			
METOC	*			
HOTEL SERVICES			*	
INTELLIGENCE ANALYSIS	*	*		*
MANAGEMENT ACCOUNTING	<--- ANY --->			
IS MANAGEMENT	<--- ANY --->			
INFO TECHNOLOGY	<--- ANY --->			
DISCIPLINE	*			*
SPORT/REC MANAGEMENT	<--- ANY --->			
LEGAL			*	
HEALTH SERVICES MANAGEMENT				

**The Branch/  
Business Skill  
Relationship**

Some business area skills can only be acquired from a specific branch background, some require a variety of branch expertise and some require no specific branch skill. We judge that the concept we propose formalises much of which currently forms the accepted framework for overall professional development; we see it not only as an essential personnel management tool but also as an aid to individual officers in planning their personal career goals.

**5.5 Rank Structure**

**Preamble**

Rank structure work was conducted on the basis of RN ranks. Options were tested against RM needs during the analysis.

**Introduction**

The role of the Royal Navy demands that its manpower is organised in a hierarchical structure. This facilitates military command whilst at the same time allowing officers to develop, amongst other qualities, the ability to exercise command at sea. An examination of the untrained element of the officer corps re-affirmed the need for two ranks, namely Midshipman and Sub Lieutenant, within that part of the structure. A detailed analysis was carried out to determine the most appropriate trained strength rank structure, the aim being to identify one which meets, as far as is practicable, both the future needs of the Service and the aspirations of the officer corps.

During the rank structure analysis we worked on the basis that:

- Any future rank structure should be developed from both sea and shore models. In the case of any conflict the sea rank requirement should take priority.

- Any officer selected for platform command should be at least one rank senior to the officers under his command.

**Summary of  
Initial Rank  
Analysis**

The initial analysis was conducted using the FF/DD/SSN as the sea platform. The results from this initial analysis were then tested against a representative selection of other ships, air squadrons and stations, the fleet command structure, shore training establishments and MOD HQ. Analysis of the platform task and command requirements identified the need for three rank levels in the FF/DD/SSN, Lieutenant, Lieutenant Commander and Commander. Examination of higher sea command and of business area needs confirmed the requirement for four rank levels at sea and ashore, namely Lieutenant to Captain. The need for Flag rank both afloat and ashore was also established but difficulties were identified at the interface between Captain and Flag rank with respect to the current use of the non-substantive rank of Commodore. In addition a need was identified to examine the rank implications at the interface between junior officer and Warrant Officer.

In summary, our initial work confirmed the military and structural rationale for the present rank structure between the ranks of Lieutenant and Captain. The requirement for further analysis at the Commodore and junior officer level was confirmed and we judged that job evaluation techniques would help to underpin this work.

**Job Evaluation**

During the initial rank analysis some reference was made to the results from job evaluation conducted by Hay Management Consultants (HMC) on behalf of the Joint Services Job Evaluation Team (JSJET). The work had taken place over a number of years in support of submissions to the Armed Forces Pay Review Body (AFPRB) and the Top Salaries Review Board (TSRB).

HMC were contracted to assist us in evaluating 120 representative RN/RM officer and Warrant Officer jobs. The objectives of the work were:

- To evaluate and analyse the advantages and disadvantages of the rank structure options.
- To use the evaluation data to test the robustness of the chosen rank structure and its ability to accommodate possible future needs for jobs or organisational infrastructure changes.
- To provide a means to examine the external comparability of the new rank structure with other Service ranks or with civilian jobs.

Emphasis was placed on examining sufficient jobs at the higher and lower levels to ensure that the sample was representative. A number of two and three-star posts were included to assist in determining the relationship between the Captain rank and the Flag List.

The techniques employed and licenced by HMC identify the following attributes which are assessed quantitatively and aggregated to establish a total job weight score:

- Know How - measuring skill, knowledge and experience.
- Problem Solving.
- Accountability.

The most important attribute for the naval officer is 'know how' and the evaluation results were expressed in terms of both 'know how' and total job weight. The basis of the HMC evaluation system is that the smallest discernable increase in any attribute is approximately 15% and the HMC system places jobs on a scale which rises by 'steps' of this magnitude. From wide experience across the public and private sectors, HMC advised that a grade or rank which encompasses more than about two of these steps is not viable.

**One Star Rank**

The non-substantive or temporary rank of Commodore was introduced in 1734 in recognition of the perceived need for command on detached duty from the main fleets. The status of the Commodore rank has been reviewed on a number of occasions since 1734, most recently in the late 1970s when it was concluded that no change was necessary.

Since the Royal Navy introduced the temporary Commodore rank the Army and Royal Air Force have introduced substantive ranks of Brigadier and Air Commodore at the OF6 level. It is of note that Brigadier is an important command rank whereas Air Commodore is primarily a staff rank. In both cases the rank has been designated a substantive one-star rank and its use has spread to most foreign armed forces, including some navies; the US Navy uses the title Rear Admiral (Lower Grade) for the rank.

**Option  
Development**

A significant deduction from the job evaluation was that an additional 'step of know how' existed which could not be easily accommodated within an existing substantive rank. This deduction generated two alternative solutions:

- Place the additional step in the most appropriate substantive rank.
- Introduce an extra substantive rank to accommodate the additional step.

The introduction into the ranks structure of the two alternatives produced five options which after further analysis were reduced to the following two options:

**Option A - Maintenance of the Status Quo.**

- It is flexible; Captains are selected to fill Commodore posts taking due account of the quality of the post to be filled.

- Whilst Commodore posts should normally be filled by Captains (O/6), at times about 30% have been filled by Captains (U/6).
- Captains on reaching 6 years' seniority receive automatically the equivalent of One-star pay (and in due course One-star pension). No pay adjustment is made when a Captain is appointed to a non-substantive Commodore post.
- Captains retire after 9 years' service or at age 55 whichever is the earlier.

**Option B - Introduction of the substantive (One-star) Commodore rank**

- Promotion to One-star substantive rank will be to requirement from the rank of Captain at approximately 6 years' seniority.
- Promotion to Two-star will normally only be possible from One-star.
- Captains not selected for One-star will serve normally until age 55 and will receive the same pay increments as their Army and RAF equivalents.

**Option Evaluation**

During the final evaluation Navy Board members indicated that they would not be content for officers holding the Commodore rank being appointed in command of either large warships (eg CVS) or certain shore establishments. As a result the following minor modifications were made:

- The substantive One-star rank of Captain (\*) to be established. Officers will hold the title Commodore (eg DNSD) or Captain (eg CO CVS) depending on their appointment.
- Officers promoted to One-star can expect one or more appointments. There will be no restrictions on the order in which One-star officers fill Commodore or Captain\* posts.

**Proposal Evaluation**

The following major factors were taken into consideration in the final evaluation:

- The present overall rank structure, from Lieutenant to Captain, will meet the future needs of the Royal Navy and the officer corps.
- Job evaluation conducted by HMC and OSG indicated that there is justification for a substantive One-star rank between Captain and Rear Admiral.
- A detailed analysis of the Captain, One-star and Rear Admiral posts in both years 1995 and 2000 confirmed that a structure including

One-star would be sustainable.

- Introduction of the One-star rank would allow the talent and professionalism of the RN's most able Captains to be recognised and rewarded by their formal promotion to One-star. It would be seen as a logical step to Flag Rank.
- Introduction of the substantive One-star would bring the RN in line with the Army, Royal Air Force and Civil Service.
- Initial costings indicate, in the long run, that worthwhile financial benefits, of some £4 - 5m a year would be gained by the introduction of the One-star rank, essentially from reduced pension liabilities.

Figure 8 - FINAL ONE STAR OPTIONS

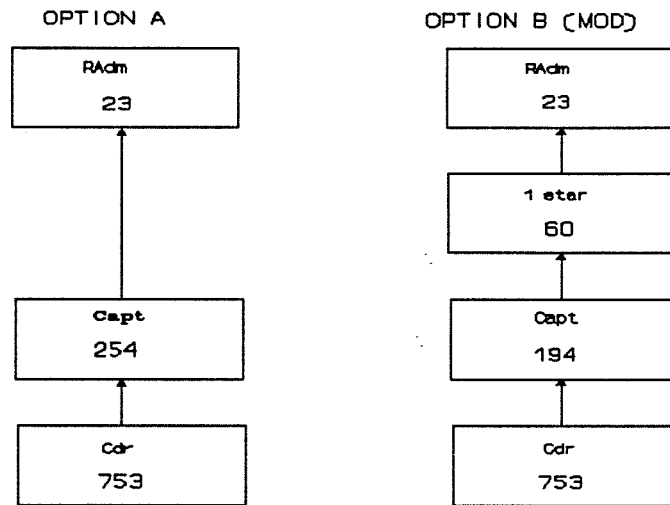


Figure 9 - ONE STAR COSTINGS

Option	A	B (MOD)	
Capt Reqt (Yr 2000)	254	194	
One Star Reqt	0	60	
CRP wastage rate	NA	0%	20%
Annual Promotion rate to Capt	31	26	28
Total Cost over 37 Years	£32,225,000	£27,264,000	£28,654,000

### One-star Costing Assumptions

Average age of promotion to Captain of 43 years (Option A/B).

Retirement age of 55 for those Captains who do not "go up or out" at nine years; with Career Review Point (CRP) at six years seniority (Option B only).

Present pay increments of O/P, O/2, O/4 and O/6. (Option A only).

Pay increments aligned with the Royal Air Force/Army for Captains not promoted to One-star (Option B only).

Average age of death of 80 (Option A/B) [Government actuaries' assumptions].

**Key Proposal** We propose that a fully substantive rank structure, including the One-star rank, is adopted.

**Junior Officer/Warrant Officer Interface** An examination of the interface between junior officers and Warrant Officers highlighted an overlap of job weights between Lieutenant and Warrant Officer posts. It has been recognised, however, that officers and Warrant Officers, ostensibly filling similar posts, need to display differing professional and personal qualities. Junior officers at the bottom of their career tree are expected to demonstrate developing effective intellect, whereas experience is probably the Warrant Officer's greatest asset. Whilst this overlap is desirable and acceptable in some areas there were indications of scope for de-enrichment of some officers posts, particularly those for some SD List officers, to the rating structure.

**Flag Rank** The present Flag List structure has been validated by the job evaluation; this identified substantial differences in job weight between ranks. The tri-Service Star posts are rigorously scrutinised on a regular basis by the Treasury 'Wardale' reviews, of which the Belloch Study was the most recent; this found no serious fault with the Flag List.

A certain amount of de-enrichment is projected within the Flag List and further modest reductions can be expected towards the year 2000. It is, however, clearly important that the RN retains the senior ranks necessary to influence the development of Defence Policy within MOD as well as to provide the Navy Board and Command level appointments required to operate and manage the Naval Service.

The OSG was invited to examine reducing the requirement for senior officers by extending the length of appointments. We have considered this and, as part of our wider recommendations, we propose that appointments at the more senior ranks should normally be up to 4 years in duration.

We conclude that the Flag List generally meets the needs of the Service and in quantitative terms is in balance.

## 5.6 RN/RM Alignment

### Army/RM/RN Alignment

Implicit in the integration of Royal Marines officers into the Naval officer corps is the recognition of the status of the Royal Marines officer alongside his naval colleagues. This will require that Royal Marines officers' rank aligns at all times with their contemporaries both in the Royal Navy and with the other Services, irrespective of where they are serving. As they fight on land, it was considered operationally more appropriate for the Corps to use military titles. But, to indicate they are different from the Army and to clearly identify them as an integral part of the Royal Navy, we propose that Royal Marines officers should adopt naval badges of rank. However, it is our view that the introduction of naval badges of rank for RM officers is a matter for CGRM to consider. Whilst not an essential ingredient for successful integration, we consider it important for the reasons outlined above. These OSG proposals would give the following RM rank structure:

Figure 10 -ROYAL MARINES RANK EQUIVALENT

RN Rank	NATO CODE	RM Equivalent	RM Badge of Rank
S/LT	OF 1	2/LT	One Stripe
LT	OF 2	LT	One and a half Stripes
		CAPT	Two Stripes
LT/CDR	OF 3	MAJ	Two and a half Stripes
CDR	OF 4	LTCOL	Three Stripes
CAPT	OF 5	COL	Four Stripes
1* RANK (CAPT*)	OF 6	1 * RANK (COL*)	Four Stripes
1* RANK (CDRE)		1 * RANK (BRIG)	One Broad Stripe
R/ADM	OF 7	MAJGEN	One Broad Stripe, one single stripe
V/ADM	OF 8	LTGEN	One Broad Stripe, two single stripes

Subsequent reference to RM ranks throughout this report will refer to the OSG proposed rank structure.

### Command of a RM Commando

Equating Royal Marines officers with their Royal Navy and Army counterparts will result in command of an RM Commando being at the rank of Colonel and we believe this is entirely appropriate for the following reasons:

■ Job evaluation has confirmed that the job weight of the CO of an RM Commando is clearly in the Captain RN job span and more recent work by Hay Management Consultants for the OSG, has confirmed these scores. It could be viewed in the same way as the Royal Navy views command of a capital ship. In pay and Royal Navy equivalent terms, the RM Commando senior officer complement is currently a Captain in command, with two Commanders as the equivalent of HODs; under the new structure this would be reduced to a Captain in command with a Commander as his second-in-command. Whilst there will be no change in the age or qualities of those chosen to command, nor any change in their pay, the change of title will be a break with tradition and will clearly reflect the status of a Commando CO in relation to his Army counterparts.

■ Command at Colonel level will more closely fit the requirements of the deployment scenarios which we envisage in the future. One of the conclusions of the scenario paper is that it will be increasingly likely that British units will be deployed as part of multi-national forces. RM Commandos are particularly suited to independent operations and the new rank structure would give increased flexibility. Independent deployment of units usually requires an increased "top hamper" to deal with liaison and command and control problems inherent in multi-national operations.

**Advantages of  
the New Rank  
Alignment**

The proposed new Royal Marine rank structure would bring the following advantages:

- It will correctly align the Royal Marines rank structure both with the Royal Navy and the Army, thereby doing away with the widespread use of local rank
- It is envisaged that there will be a requirement for a degree of de-enrichment at the higher ranks; this manpower will be made available to fill appointments in the wider Naval Service
- It will increase flexibility for the deployment of Commando units
- It does not require any amendment to Queens Regulations or Standing NATO Agreements, other than to remove exceptions
- By their badges of rank the Royal Marines will be clearly identified as part of the Royal Navy, thereby enhancing integration across a wide spectrum, including common appointments.

**Key Proposal**

As an aid to integration, we propose that the Royal Marines officers' rank structure be aligned with their Royal Navy counterparts, that command of an RM Commando be at the rank of Colonel and that Royal Marines officers adopt naval badges of rank.

## 5.7 Size and Shape

<b>The Process</b>	Officer corps size and shape predictions require the definition of relevant parameters. These parameters include not only the composite parts of the structure - branches, specialisations, qualifications and ranks - but also the constraints embodied in the commissions structure and the promotion system. Illustrative career paths to meet the predicted platform requirement for particular qualifications were developed using derived commissions and promotion templates, primarily to demonstrate career development opportunities and to highlight sea/shore ratios. The composition of the current officer bearing and an analysis of the latest predicted requirement data (Shadow 7, sponsored by DNMP) provided the remaining elements of the backdrop.
<b>Bottom-up Approach</b>	<p>The adoption of a platform-derived approach to structure definition implies that the structure driver is the Lieutenant Commander platform requirement. OSG branch structures were developed using this premise but sought initially to match not only the output from the untrained strength with the number of platform appointments but also the sea/shore requirement with the illustrative career path models. Current higher training quotient (HTQ) and margin levels were incorporated and the results compared with, and justified against, Shadow 7 predictions. Promotion factors derived from our promotion work were used to build higher rank numbers, again using the Shadow 7 sea requirement as the other driver.</p> <p>Apart from the allowance for HTQ and margin, the total OSG numbers include the dedicated requirement (which includes 'any' posts) and a share of common appointments (CAPPs) commensurate with the size of the branch. The proportion of CAPPs varies with rank, currently rising from virtually zero at Lieutenant Commander level to about 40% for Captains.</p>
<b>Dynamic Modelling</b>	The resulting branch structures were subjected to dynamic modelling to confirm structural stability, both in the steady state and when subjected to a changing requirement. The dynamic models used OSG-derived promotion profiles and DNMP's wastage rate predictions.
<b>The 1995 OSG Requirement</b>	The Shadow 7 requirement for 1995 was chosen as the basis for OSG structure development since this matched the Directive timescale and it was considered that 1995 numbers would, in any case, provide a good indication of transition implications. The platform-derived OSG structure for 1995, highlighting the reductions from the Shadow 7 requirement, is shown in Figure 11. An overall reduction in numbers of some 10%, driven essentially by the platform appointment matching process, is implied but neither the current Instructor specialisation nor shore-based WRNS officers are shown because of the platform-driven approach.
<b>The 2000 OSG Requirement</b>	The platform-derived OSG structure for 2000, which includes the METOC requirement within Warfare branch numbers, is at Figure 11.

Figure 11 - OFFICER CORPS STRUCTURE (1995 & 2000)

BRANCH	WARFARE					ENGINEERING				
RANK	LT	LT CDR	CDR	CAPT	TOT	LT	LT CDR	CDR	CAPT	TOT
1995 SHADOW 7	1506	1048	448	145	3147	877	586	342	109	1914
1995 OSG	1475	1078	423	148	3124	687	466	264	92	1509
2000 OSG	1494	994	382	130	3000	519	381	220	78	1198
BRANCH	SUPPLY					ROYAL MARINES				
RANK	LT	LT CDR	CDR	CAPT	TOT	LT/ CAPT	MAJ	LT COL	COL	TOT
1995 SHADOW 7	285	156	84	19	544	296	185	103	28	612
1995 OSG	179	117	64	22	382	284	179	102	28	593
2000 OSG	139	94	52	18	303	284	179	102	28	593
GRAND TOTALS						1995 SHADOW 7	6217			
						1995 OSG	5626			
						2000 OSG	5094			

**NOTES:**

1. All figures include current HTQ/Margin allowances
2. 1995 figures do not include current I or WRNS specialisation officers
3. 2000 warfare branch figures include the METOC requirement
4. Captain/Colonel figures include one-star officers

The reduction in numbers from 1995 to 2000 is driven primarily by planned fleet size rather than by any further OSG-inspired changes.

**Structure Prediction Accuracy**

We assess that despite the assumptions made to develop the OSG-derived structure, the results lie within 5% of the overall numbers sustainable using a platform-derived approach. The structure is in accord with OSG principles and we judge that it will meet future Service needs. There is, however, a clear need for more detailed requirement data, not only to verify that predicted numbers will meet our needs but also to ensure that manpower planning for the future officer corps is soundly based.

**The Billet Review Team**

Current manpower planning is based on schemes of complement and LTC measures as well as current lists, commissions and specialisations. Changes we propose will alter not only planning parameters but also officer corps behavioural trends and thus establishing a firm foundation for the definition and management of the future officer corps structure is seen as an essential pre-requisite for implementation.

The Billet Review Team we envisage has two main tasks:

- To identify current officer posts appropriate for de-enrichment to Warrant Officer or CPO level and those appropriate for civilianisation or contractorisation.
  
- To identify the rank, qualification and experience required for each officer post.

We estimate that this task will take two years to complete. We see the need for a small, dedicated team to undertake the work, supported by relevant IT systems and consultant advice. The timescale can be met by grouping posts that are similar but the task will need to be carefully planned and areas of particular interest, for example current instructor officer posts and the Lieutenant/Warrant Officer interface, will need to be addressed early. The status of CAPPs posts at each rank will be clarified by this review; the proposed branch realignment and the introduction of more formal business area skill definition may well alter the way that line management would wish to define and manage the structure.



## CHAPTER 6 - STRUCTURE MANAGEMENT

### 6.1 Preamble

This chapter covers the various aspects of our work connected with managing the officer corps structure. It is split into two parts as follows:

#### Part A - Commissions, Entry and Training

- Lists
- Commissions
- Initial Commission
- Career Commission and Specialist Commission
- Commissions from the Lower Deck
- Training Wastage
- Recruiting
- Initial Training
- Degree Education
- Professional Training

#### Part B - Structure Control

- Appointment lengths
- Promotion
- Motivation and Retention
- Outflow Management
- Regeneration
- Structure Modelling
- Structure Monitoring

#### PART A - Commissions, Entry and Training

### 6.2 Lists

#### Concept

The original (1956) List concept was of a central core (GL) with two supporting arms (SL and SD). Each List offered different terms of service resulting in unequal career lengths; different promotion zones and career factors, and unlimited or capped career horizons. The philosophy underlying this concept was that, as the training and experience required for senior posts could not be made available to all, those on a GL commission would take priority. The resultant policy was seen to encourage GL entrants of the required calibre.

#### Subsequent Developments

Over the last 35 years this structure has undergone only minor modification, while many changes have affected the RN including:

- growing demand for common skills to allow interchangeability

- a significant blurring of the educational abilities between GL and SL officers
- a more egalitarian officer corps
- increasingly stringent financial control over manpower
- the introduction of FCPO rate (later to become Warrant Officers)

Such changes call into question the future sustainability of the List system.

**Divisiveness**

Response to the OSG questionnaire and discussions with line management indicate that many SL (and SD) officers feel that the current list system is unfair, and believe that direct competition should be applied, so that the most deserving gain promotion and achieve broader and longer career opportunities.

**A "No List" System**

OSG analysis suggests that the list system has become divisive over time and, with a growing need to reward merit in order to attract the high-quality entrants the Service requires, it will become increasingly so. As numbers fall, and the training and experience invested in each officer rises proportionally, it will be necessary to select officers with appropriate potential, regardless of background, for grooming for the higher posts in the Service.

**Key Proposal**

We therefore propose that everyone entering the officer corps whether directly, or on promotion from the lower deck, should join on essentially common terms of service and that the current List demarcation should be discontinued.

### 6.3 Commissions

**Current Shortcomings**

Selection for a full career, of up to 32 years, is made on the basis of AIB performance. While the Navy gives a commitment to employ an individual for many years ahead (subject to satisfactory performance), he may decide to leave voluntarily (as around 65% do) well before the end of his commission; the employment "contract" is, therefore, unsatisfactorily one-sided.

A candidate who is offered a short career commission may subsequently develop into an above-average officer, but he will be at a disadvantage compared with a less able full-career counterpart. Transfer to a longer commission may be possible, but opportunities vary significantly and competition can be fierce.

**Career/Social Attitudes**

Responses to OSG surveys indicate that most officers, and the majority of current RN Bursary holders, support the concept of a relatively short initial commission. These views correspond closely with the general move in civilian life towards shorter contracts of employment and greater job mobility.

**Commission Options**

Following consideration of possible options, three types of commission pattern were identified which could meet the Navy's future needs; these were:

- **Single commission.** Essentially a "rolling" Commission with review points at pre-determined intervals. At each review point an officer would either be offered further service or be released. Advantages are a simple and easily understood scheme with common terms of service. The significant disadvantage is that an open-ended commission is unlikely to meet the aspirations of a large and growing number of potential recruits.
- **Multiple commissions with full career option on entry.** Essentially a continuation of the present system. It offers choices to suit "all aspirations. However, several disadvantages would be perpetuated including guarantee of long career opportunities, before they are justified by performance, and lack of structural flexibility.
- **Multiple commissions with no full career option on entry.** This would entail introducing a common Initial Commission (IC), at the end of which, subject to performance and requirements, an officer would be transferred to a second, longer commission or be released. The main advantages are simplified recruiting, no commitment to employing an officer for a long career until he has proved his worth, and an effective means of varying outflow at the end of the IC.

**Favoured Option**

The third option, showing a number of welcome advantages with the least significant disadvantages, was selected for further development. An IC of between eight and twelve years was envisaged, with selection during a zone for transfer to either a Career Commission (CC) or a Specialist Commission (SC). Furthermore, it was envisaged that employment and career development on the two commissions would be different. In recognition of likely slower promotion progress on an SC, it was further envisaged that increased financial reward would be available on an SC as an alternative to promotion to higher rank.

We perceive no assessable cost differences between the two multiple commission options although it is wasteful to enter officers on full career terms if they subsequently fail to live up to expectations. Offering full career (to age 55) opportunities to all entrants could lead to higher costs for severance payments if voluntary withdrawals were lower than the structure required.

## **6.4 Initial Commission**

**Length Options**

In order to meet the Navy's recruitment and retention aims, an IC needs to be of an appropriate length to attract candidates, and long enough to ensure adequate return on training investment. We took the view that three appointments in complement posts - between five and six years

depending upon branch and specialisation - represented a satisfactory return on initial training of around two years. Comparison of training lengths for the various entry schemes indicated an eight-year IC would achieve the required return for less than 20% of entrants. A nine-year commission showed a marked improvement, with nearly 70% achievement, and at twelve years this rose to around 90%.

**Return on  
Training  
Investment**

The marked rise in the return on training investment at the nine-year point indicated a satisfactory compromise. The majority of entrants who would not achieve three full appointments by that stage would be those reading for in-Service degrees (BEng and BA) and those entered through the UCE scheme. Continuation of these schemes appeared to dictate development of a separate twelve year IC option. The desire for a single IC led us to examine more closely the need to retain in-Service degree education against a background of reducing entry targets and growing numbers in tertiary education. We considered also the option of running in-Service degree courses in modular form, with the final part of the degree course to be completed at a later stage once the officer's potential and commitment had been assessed. Taking these factors into account, and noting the training required prior to a first appointment, we concluded that the balance of advantage favoured completion of degree education at the earliest opportunity.

**Key Proposal**

Following examination of the in-Service degree issue, we propose a common nine-year IC for all officers with selection, during a zone, for further service or release.

## **6.5 Career Commission and Specialist Commission**

**Composition**

Our initial concept of the dual secondary commission routes was that both the CC and the SC would contain officers of each branch, but in differing ratios. The overall numbers on CCs were envisaged as being significantly higher than those on SCs. Selection for a CC would have been based on assessment of an officer's wider development potential. Those selected for an SC were seen to be those considered best suited to employment in narrower, more specialist fields. Promotion opportunities on an SC would be fewer than on a CC, and promotion would normally occur later, although financial reward would be increased on the basis of added value. Officers on both commissions would be in direct competition for promotion within their branch. It was projected that a considerable proportion of the SC population would be aircrew officers and specialists promoted from the upper end of the rating structure and some officers who had sub-specialised (eg MCD, H etc).

**Modelling  
Results**

When we came to modelling these commissions we could not prove viability, in structure management terms, of a separate SC other than for the FAA - not least because of the different SD employment patterns. This led us to conclude that, pending a review of all officer posts, the SC option should be available to FAA officers only.

**Key Proposal** We therefore propose that the two secondary commissions should be the CC and an SC(Aircrew), with the option of extending the SC concept to other specialist groups should follow-on work so dictate.

## 6.6 Commissions from the Lower Deck

**Current Schemes** Ratings who show early promise for promotion to officer rank have opportunity for selection through the UY scheme, albeit sometimes at considerable cost in training (up to around £120k in the case of an artificer) and re-training. Promotion through the SD List route is less satisfactory in that, with a relatively early cut-off age, many late developers are left with no further prospects of promotion to officer rank. This point was strongly represented (94% support) by WOs in our survey and was also highlighted by senior management as unsatisfactory. Many ratings who achieve promotion to the SD List have a relatively narrow background which can limit their long-term potential, and widening it can only be achieved at the expense of opportunities for career officers.

**Warrant Officer/Junior Officer Relationship** Our job evaluation analysis confirms an overlap of job weights between RN Lieutenants and Warrant Officers (present, but less marked in the RM) which is currently reflected in the overlapping of their pay scales. Questionnaire responses, and tentative assessments by line management, suggest that there is scope for de-enriching junior SD officer posts (between 10% and 20% depending on Branch) to WO level and a proportion of current WO posts (around 20%) to CCPO/CPO level.

**Review of UY Scheme** The current UY scheme appears generally satisfactory and it achieves its aim of allowing ratings with officer potential to be identified early for selection; however two aspects of the scheme deserve comment:

- **Age limits.** We propose a normal upper age limit of 26 for all branches. This will ensure that ex-UY equate with their direct entry colleagues and have time, in the case of engineers, to complete a degree course and other initial training no later than age 33

- **Educational qualifications.** In the years ahead it is likely that an increasing number of ratings will join with better educational qualifications; nevertheless, some with potential to be good officers will need assistance to achieve the required standards. We propose that limited opportunities for a form of educational draft should be introduced

**Review of SD List Scheme** The implications of the demise of the Special Duties List have been evaluated and the following factors were considered when developing our proposals for a new scheme for promotion from the lower deck:

- The projected reductions in the officer corps will place particular pressures on the need for specialist officers

- There has been strong support for the principle of providing an avenue for promotion to officer from Warrant Officer

- Significant structural and management benefits should be gained from the de-enrichment of some officer posts to the senior levels of the rating structure

**New  
Promotion  
Scheme**

We propose that a new scheme for promotion from Warrant Officer/Chief Petty Officer to officer should be introduced with the following characteristics:

- Minimum education requirements - 5 GCSEs (or equivalents)
- The selection process will be similar to that currently in place for the SD List
- All officer candidates will complete their initial training at the naval college before embarking upon professional training appropriate to their branch and specialisation
- The upper age limit for promotion should be age 47 - three years prior to completion of a second open engagement
- Promotion should be direct to Lieutenant on an Initial Commission

A particular aspect of the new scheme which has been studied in some detail is the minimum age for selection from Warrant Officer/Chief Petty Officer to officer. We consider that the minimum age should be 32 years since in the majority of cases the Warrant Officer/Chief Petty Officer will be promoted into the officer corps to meet a specialist skill requirement and thus he must be given the time as a Senior Rate to achieve the desired level of professional and managerial experience.

**Relationship  
with UY  
Scheme**

The following factors have been taken into consideration when proposing that an age gap should exist between the two schemes:

- The minimum age for promotion to Warrant Officer is 34 years
- The rating corps will benefit from a minimum age for the Warrant Officer/Chief Petty Officer promotion as it will cause a measure of enrichment as higher quality Senior Rates and Warrant Officers will spend longer in the lower deck structure.
- The maximum age of 26 years for UY will apply pressure to officers employing potential candidates to ensure that they attend the AIB at the earliest opportunity

**Key Proposal**

We propose the introduction of a promotion route from Warrant Officer/Chief Petty Officer from age 32. This, coupled with the retention

of the UY scheme, should meet the needs of the Service and provide a satisfactory means of meeting the aspirations of high-calibre ratings. We are conscious, however, that under the current Royal Marines rules for SD selection, a large proportion of their candidates are selected at about age 30 to meet the specific requirements of commando service. Therefore, an exception may need to be made in their case and this will be the subject of further study.

## 6.7 Training Wastage

Overall wastage rates for officers entering the Royal Navy are high with losses over recent years averaging around 30% between entry and joining the trained strength. The marginal cost of this wastage is estimated to be around £5m per annum. Voluntary wastage forms a high proportion of total wastage and bears no relationship to the calibre of the individual or his performance at the AIB. Around 50% of voluntary wastage occurs within six months of entry. We have developed a number of proposals which we believe will reduce overall wastage; these are shown below.

### **Pre-filtering AIB Candidates**

We propose that a relatively elementary psychometric test filter should be produced, at minimal cost, to help to identify at careers offices those candidates who are particularly weak, before they are subjected to a new pre-AIB sifting process - a Potential Officer Course.

### **Potential Officer Courses (POC)**

There are, we believe, considerable benefits to be gained by establishing a short (three to five days) course, based at the Naval College, during which a candidate could be assessed. A testing period, preferably at sea (but not necessarily in a warship), would assist in assessing an individual's motivation towards the Service and, if based afloat or partially afloat, it would emphasise the "life at sea" aspect of a career in the RN. Basing POCs at the Naval College would also give candidates a better understanding of the content of their initial training and the environment. A recent OSG survey of young officers at BRNC indicated that in several areas their early experiences did not accord with their expectations.

If AIB pass rates and lower training wastage rates achieved by the Royal Marines (who already run POCs) could be achieved, the resultant savings would be significant - boarding fewer candidates and entering fewer officers each year. These savings would, of course, have to be offset against the extra cost of running POCs. We propose that POCs should be introduced and that details should be drawn up during the Development Phase.

### **AIB Procedures**

The normal AIB pass mark is 500 (out of a possible 1000); but for shortage categories a pass mark between 450 and 499 is acceptable at present for entry. Research indicates that, while this relaxation helps maintain numbers in certain key areas (amounting to around 15% of the overall annual intake), the wastage rates incurred in the training pipeline - with those scoring under 500 having a compulsory withdrawal rate twice

that of the remainder-make the policy uneconomic. We therefore propose that all officer entrants should achieve a Final Board Mark of at least 500, accepting the risk that recruiting targets may not always be achieved in difficult years.

**Personality Measurement**

We see merit in developing and trialling personality measurement tests to establish more accurately an individual's suitability for, and motivation towards, a Naval career. While commercial personality tests could be procured, such tests tend to be too transparent and protracted for practical use by the Service. We therefore, propose sponsorship of some initial research by Plymouth University. If this research fulfils its promise, we recommend that a pilot scheme should be set up incorporating personality measurement tests within the boarding programme.

**Location of the AIB**

Benefits can, we believe, be realised by relocating the AIB at the Naval College so that "selectors" can benefit from closer involvement with, and enhanced feedback from, the training organisation. We propose that collocation of the AIB with new-entry officer training be considered as part of the current CINNAVHOME study into the rationalisation of the training estate. Within our financial package we have allocated funds for reprovision of the necessary AIB facilities; this sum will need validation during the Development Phase.

**Rating Candidates with Officer Potential**

We believe that there is a need to identify earlier more potential officers who might otherwise join as ratings and then, later, be selected as UY candidates, thus wasting their initial training costs and requiring replacements. This could be achieved by inviting all candidates who have the minimum educational qualifications for officer entry, to join a Potential Officer Course and attend the AIB, subject to pass/recommendation at each stage. We propose that careers office staff should give all qualified candidates close scrutiny to determine suitability, noting that subsequent failure on a POC or at the AIB could demotivate a candidate who would otherwise have made a good rating.

**6.8 Recruiting**

**Education Standards**

The current minimum qualification for direct entry as an officer is five GCSE subjects. This neither sits comfortably with the importance we attach to effective intellect nor encourages the perception that the officer corps has high academic status. We propose that the normal requirement should be two 'A' levels and three GCSEs (or equivalents) so as to send a positive signal to educational establishments and to potential candidates.

**Image**

Despite very considerable effort and expenditure in the public relations and recruiting areas it is evident that, of the three Services, the Royal Navy has the least well-defined public image. While there is a fairly widespread general awareness of the Navy's ships, aircraft and weapons systems, appreciation of employment opportunities within most areas of the Naval Service is much less well recognised. Against this background

we foresee a need to increase recruiting efforts across a broad front, with particular emphasis in the following areas:

- Expansion of University Royal Naval Unit (URNU) scheme coverage
- Enhancing the current RN/RM Bursar scheme to attract more graduate entrants
- Increase support for RN and RM Sea Cadet Corps and Combined Cadet Force
- Seeking to recruit high-calibre re-entrants

In addition, efforts to expand the focus of recruiting activities should continue with the aim of attracting the best, especially technically-minded, candidates from a broad social spectrum, including ethnic minorities. These efforts should be supported by a new integrated public-relations strategy which involves all regular, reserve and cadet force units in presenting a positive and informed image of life in the Royal Navy.

**University  
Royal Naval  
Units (URNU).**

Currently there are eight URNUs within the UK. Each URNU has a small permanent staff and an attached fast training craft. The purpose of the URNU scheme is to provide a naval presence at a range of universities so that interest is promoted in the sea, and in the Royal Navy and its role in maritime affairs. Undergraduates may apply to become honorary Midshipmen RNR and if accepted can be enrolled locally. They carry out training at sea (in the Unit's tender) and ashore, receiving up to 26 days' pay per year plus a tax-free bounty for completing a specified number of days' training and drill attendance. Each unit can accept around 50 undergraduate trainees.

The Army and the Royal Air Force have comparable facilities (Officer Training Centres and University Air Squadrons); however their coverage of universities is considerably greater, with 16 and 20 units respectively. We conclude that in order to meet the need for an increasing number of graduates the number of URNUs should be increased substantially. This, we understand, coincides with current CINNAVHOME plans.

We propose that up to eight new URNUs (some with Royal Marines sections) should be commissioned, to include coverage of Oxford and Cambridge, the central East Coast and South Wales. Furthermore, we propose that the terms of reference for URNU OICs should be amended to provide a recruitment focus. The potential for providing flying opportunities within the scheme should also be considered. Our costings allow a provisional sum of £10M over the LTC period to achieve these aims.

**RN/RM Bursar Scheme**

The current Bursar scheme provides a termly tax-free grant of £400 for up to three years at university. A three-year return of service is required; if this is not completed, the value of the sponsorship must be repaid. All Bursary holders are encouraged to undertake a two week-course at BRNC and to participate in courses/training during vacations. In practice, Bursars have a low priority for courses and training and their involvement with the Service tends to be much less than that achieved by other university undergraduates who join an URNU.

Our survey of Bursars indicated that 35% are at a university which has an URNU, while 76% have a local OTC or UAS Squadron. Those Bursars who had joined an URNU emphasised its value in retaining their interest and enhancing their motivation. We therefore propose that a primary purpose for URNUs should be to develop and motivate Bursary holders for a career in the RN or RM. Furthermore, we propose that membership of an URNU should become mandatory for all Bursars who are at a university that is within reasonable travelling distance of a Unit. Bursars should be given an appropriate RNR rank and receive pay (and travelling expenses where appropriate) for days when training is carried out.

**Sea Cadet Corps & Combined Cadet Force**

The two cadet organisations which the Royal Navy supports have similar aims: to develop self-confidence, self-discipline, leadership and a sense of responsibility to the community. Neither has recruitment to the Service as an aim; however both are an increasingly useful source of officer recruits. There are around 400 SCC, 130 CCF(RN) and 15 CCF(RM) units in the United Kingdom.

We see benefit in increasing the RN's support for cadet forces and providing a more direct recruiting aim. RN support is currently substantially below the levels applied by the Army and the Royal Air Force to their cadet forces. In our costings, therefore, we have provisionally allocated funds to give further support and secure wider geographical coverage where appropriate.

**Re-entrants**

Many officers leave before reaching normal retirement age due to circumstances which they expect to last for a limited number of years and see as incompatible with continued Naval service (eg to raise children). Creating more flexible employment arrangements, and actively encouraging high-calibre ex-officers with particular skills to rejoin would be in tune with contemporary needs. We propose that the DNRs responsibilities be broadened accordingly.

**Implications**

Our proposals in the recruiting sphere will incur extra financial provision; this is catered for within our costings and can be offset against savings elsewhere. Ideally, the Service would wish to avoid such additional expenditure as numerical requirements fall; however we firmly believe that, to attract the calibre of officer the Service needs, there is no other choice. Indeed, were it not for our package of proposals which reduce overall officer entry numbers, even greater additional expenditure would be required.

## 6.9 Initial Training

### Phases of RN Initial Training

Initial Training comprises all training that occurs between an officer entering the Service and subsequently joining the trained strength. Currently it consists of:

- **Basic training.** New entry training, mainly of a common nature, which is provided currently for all X, E and S officers between joining the Service and completing Fleet Training some 16 months later
- **Academic education.** The two academic terms for NCE (X) and (S) officers, the 2-year BA degree course for selected NCE (X) and (S) officers and the BEng degree course for all NCE(E) officers
- **Ab initio specialist training.** The OOW course for seaman officers; the JSOC for supply officers; and application courses etc for engineer officers, undertaken prior to joining the trained strength
- **Naval general training,** at varying levels of intensity throughout Initial Training

### Basic Training

Responses to the OSG questionnaires indicated general satisfaction with the length of initial training and the focus of that training for a first appointment. However, some doubts were cast on the adequacy of preparation for Divisional Officer duties, and the sufficiency of through-career management (particularly financial management) training. The various elements of initial training are currently under review by line management to ensure that they form a coherent package. Our analysis indicates that additional emphasis is required on various "management" aspects, languages and related studies and the "whole Navy" team concept. Clearly the inculcation of common skills and knowledge will continue to form the basis of the initial training package; however, content, duration and emphasis will need to be studied in detail during the Development Phase.

We propose that the Basic Training package, should comprise three phases:

- **Initial phase at BRNC.** The aim is to impart military qualities, culture and attitudes and prepare young officers for sea. The OSG judges that this phase is of adequate length to allow the objectives to be met, although some adjustment of priorities will be necessary to allow for expansion in the areas mentioned above.
- **Initial sea training (IST).** IST lasts eight weeks and it is provided to all new entry officers, except aircrew, during the second term after entry. As the aim of IST is to acclimatise YOs to life at sea and to develop basic skills, the OSG concludes that eight weeks is the absolute minimum period required to meet these objectives.

- **Fleet training.** The duration of Fleet time has decreased over the years from 18 months to the current eight months. While no adverse comments have been raised on the length of Fleet time, we consider that eight months is the bare minimum to enable a YO to acquire the basic departmental knowledge, the common professional skills and the practical experience he requires to provide a firm foundation for a career as a naval officer.

**Common RN/RM  
Basic Training  
Phase**

Whilst it is recognised that the role of the Royal Marines is to fight on land whereas their Royal Navy counterparts fight at sea there are, nonetheless, elements of officer training common to both. They share a common history and traditions and there are basic staff, communication and leadership skills which both require. Integration will mean that Royal Marines and Royal Navy officers at the more senior level will be fulfilling similar functions in single-Service, Central staff and NATO appointments. It is the OSG view that these common tasks should be based on an element of common experience and that this is best imparted during the basic training phase of Royal Navy and Royal Marines officer training. This will also contribute towards strengthening the "whole Navy team" concept. The programme for this phase will be the subject of further study by the relevant training staffs during the Development Phase. However, the principle envisages an initial joint phase at BRNC with military training, physical training, drill and any subjects clearly unique to the Royal Marines being carried out separately by Royal Marines Young Officers with their own instructors. Those elements common to both can be carried out together using the same instructors (Royal Navy or Royal Marines) and in the same location. On completion of this combined phase, Royal Marines officers would continue their military training at the Commando Training Centre Royal Marines, Lympstone.

**Initial Sea  
Training for  
Aircrew**

Currently officers entering for flying duties proceed to flying training on completion of their basic training at the naval college. The general sea experience which they lack (Initial Sea Training, bridge watchkeeping experience etc) is currently provided within the FAA by the cadre of GL officers who are selected at a later stage for flying duties. Our proposals for entry and career development of warfare officers mean that there would be no late route to flying training. Thus, to ensure that the FAA officers have early sea experience we propose that all officers entering for aircrew duties should complete IST. With aircrew entrants forming a significant proportion of the total intake, we recognise that the availability of sea billets for IST will need to be examined.

**Academic  
Education & *ab  
initio* Specialist  
Training**

The aim of academic education is to produce articulate and informed NCE X, E and S officers who have the essential background knowledge of modern naval technology; are conversant with the main political and strategic issues, and have at least one other subject in which they are interested and knowledgeable. All X and S officers (other those than who join as DGEs or through the UCE scheme) currently undergo two academic terms at the naval college following completion of their Fleet

Training. Engineer officers reading for an in-service degree receive this broadening during their degree courses. *Ab initio* specialist training courses are designed to give officers sufficient basic specialist training to enable them to fill complement billets as junior officers.

We have been unable in the limited time available during this study to examine in detail how well current courses are likely to meet the needs of the future officer corps; particular aspects which require further work are:

■ **Language Studies.** In view of the RN's widening involvement in international peace-keeping forces, we see the need for all officers to pursue study in at least one foreign language. We therefore propose that language and related studies form part of the syllabus for all officers throughout Initial Training

■ **Graduates' Technical Course (GTC).** Graduates with non-science degrees are required to attend the six week GTC at the naval college, to ensure they are not disadvantaged by academic background. We are aware, however, that it is not only arts graduates who require such courses. Some graduates entering with multi-disciplinary degrees or narrowly focused science degrees require a broader technical base and therefore we propose that the course be re-designed in modular format so that individuals can complete modules relevant to their particular needs

**Naval General Training**

All professional naval officers need to acquire common skills, knowledge and experience before they join the trained strength. We see NGT continuing to form a significant proportion of Initial Training.

## 6.10 Degree Education

**Introduction**

The current requirement for first degree education is dominated by engineer officer needs. Direct entry engineer officers obtain first degrees in-service at RNEC Manadon or through the UCE scheme. Upper Yardmen join their contemporaries at Manadon for in-service degree education. In the other branches, including the Royal Marines Corps, a proportion of direct entry officers are selected for the in-service BA degree.

**Recruitment**

The proportion of officers entering the Service with degrees has shown an upward trend over recent years, and graduates now form some 40% of the trained officer strength; we expect this to rise to 70% by the year 2000.

Provision of attractive commission options will be an important factor in meeting recruiting targets. Equally significant will be recognition of the potential recruit's tertiary education aspirations and the need to provide financial support for undergraduates that matches that provided by other potential employers - noting that Government funding for student

grants/tuition fees is unlikely to match the increasing number of applicants.

**Scale of Investment**

Currently just over 20% of officer corps entrants read for a degree in-service and over half this group completes the BEng degree course at RNEC. The scale of investment in in-service degree education (and associated training) is thus considerable, with the full cost of education and training for an NCE reading for a BEng or a BA degree being at least £110k greater than that for a DGE. Investment of this order justifies a greater Return of Service (ROS) to cover the additional two to three years in-service education. In examining the optimum length of the Initial Commission we took the view that a 12 year IC to allow for the ROS requirement would be unattractive to the potential recruit. Thus our conclusion that a 9 year IC for all officers would bring significant benefits to both the individual and the Service led us to examine the feasibility of discontinuing in-service degree education.

**Options**

The only alternative to in-service degree education, given the need for a significant proportion of the officer corps to hold a degree, is to recruit graduates directly to meet Service needs. Noting that the primary requirement is for engineering degree graduates, this could be achieved in the following ways:

- **Increase RN/RM Bursary awards.** There is scope to increase numbers, but there is little control over degree content
- **Increase Direct Graduate intake.** Whilst graduate interest is increasing, it is unlikely that even a reduced requirement could be met by relying on this form of entry to augment the number of Bursars. There is no control over degree content
- **Introduce Sponsored Degree scheme.** A tailored degree course at a particular university (or universities), for students provisionally selected for entry, would meet Service requirements.

**Sponsored Degree Concept**

The concept is based on the need to provide relevant engineering degree education for some 30 students per year, with the option of expanding the scheme to include suitable potential warfare, supply and Royal Marines officers in the future. Advice received during informal discussions with the tertiary education sector indicates that the concept is practicable and is likely to receive the enthusiastic support of many universities. It is envisaged that selection would be made following successful conclusion of the POC/AIB process.

**Key Proposal**

We propose that all degree education - DGE, Bursar and sponsored schemes - should be conducted extra-murally with only UY engineer officer candidates completing their degrees whilst in-service. We propose that the UCE and BA in-service degree schemes should be discontinued.

**Uniformed Support**

We see merit in providing URNU-type support for those selected for sponsored degree courses. This would link them closely with the Service, enhance their Naval knowledge and stimulate their motivation. We thus envisage all sponsored candidates being entered as Midshipmen RNR (or at appropriate RMR rank) and enjoying similar benefits to those suggested earlier for Bursary holders including pay while under training during vacations. Membership of the URNU would be mandatory. We believe that redirection and expansion of URNU effort to support this and the existing Bursar and Direct Graduate schemes would greatly enhance its success.

**Second Degrees**

We see a continuing need for in-service second degree education to meet specific Service needs. We propose that this should be undertaken at civilian universities or Service establishments (eg RN Staff College).

## 6.11 Professional Training

**Proposed Changes**

We have reviewed officer's professional training and have concluded that except where change is necessary as a result of other OSG proposals, as identified below, no major changes are required to the content or timing of career courses. The need to expand the Business Area skill training has been recognised and it is proposed that it should, as far as is possible, be incorporated into existing staff training. The following changes to the timing of professional training will result from the new entry, commission and branch arrangements:

- The selection of warfare officers for the METOC, MCD, MW, H and FC qualification courses will normally take place during their IC
- Selection of warfare officers for the ISC and PWO course will normally take place shortly after selection for a Career Commission
- All flying training will take place on completion of basic training, which should include IST
- All engineer officer application courses should take place at the appropriate shore technical training establishment, on completion of basic shore and sea training
- Engineer officers promoted from Warrant Officer/Chief Petty Officer should undergo limited professional training at the appropriate shore establishment immediately after completion of basic training at the naval college

It is envisaged that no major changes will be required to the professional training of supply and RM officers.

**Civilian  
Recognition**

We have recognised overall benefits to recruitment and retention from proper civilian recognition of Service training and experience. To this end we support current training policy which encourages civilian recognition without giving it an overriding influence on the nature or length of the training. Similarly, we consider that initiatives to seek accreditation of prior learning for such schemes as NCVQ and MCI should be encouraged.

## STRUCTURE MANAGEMENT

### PART B - STRUCTURE CONTROL

#### 6.12 Appointment Lengths

A vital element in the career management system is the planned length of appointment. Variations in appointment lengths will affect the manpower requirement in each branch. The manning margin (the manpower allowance given to appointers to allow for personnel management such as hand-over on change of appointment) will vary in line with the number of changes in appointment, as will costs of relocation.

Figure 12 - MINIMUM APPOINTMENT LENGTH OBJECTIVES

RANK	NORMAL APPOINTMENT LENGTH CAREER COMMISSION		NORMAL APPOINTMENT LENGTH SPECIALIST COMMISSION		REMARKS
	PLATFORM	BUSINESS AREA	PLATFORM	BUSINESS AREA	
S/LT	1	1			
LT	2	2	2	2	Under Training
LT CDR	2	2	2	2	Developing Professionalism
CDR	2	2/3	2	3	Employing professional skills
CAPT	2	3	2	3/4	Direct and Manage
CDRE	2	3/4		4	Direct and Manage
RADM	2	3/4			Where feasible longer appointments at 1* and above should be encouraged
VADM		3/4			
ADM		3/4			

Thus, taken in isolation, longer appointments are more cost-effective. However, the importance of training, breadth of experience and flexibility for both the Service and the officer must be balanced against budgetary pressures to increase appointment lengths. We therefore examined the question of optimum appointment lengths, against the OSG principles, at each rank and across the platform, direct support and functional employment areas. The results of this work are tabulated in Figure 12.

**Practical application of minimum appointment lengths.** It is recognised that in practice variations will occur across the spectrum of appointments and that these will have to be taken into account when calculating margins for individual branches. In addition, the Naval Secretary's department may need to apply variations to actual

appointments to meet short-term requirements. However, the objective should be to achieve the lengths shown for a high proportion of appointments.

### 6.13 Promotion

#### Introduction

The existing Quota Promotion System was introduced in its present format following the Mansergh Study in 1956. An important consideration in the development of the Quota system was to retain the 'even flow' concept. Since 1956 the Quota system has been used by the General, Special Duties and Supplementary Lists although it has not applied to promotion to all ranks as illustrated:

Figure 13 - PRESENT SYSTEM

RANK	GL	SD	SL
Lt	Automatic	Automatic	Automatic
Lt Cdr	Automatic	Quota	Quota
Cdr	Quota	Quota	Quota
Capt	Quota	NA	NA
RAdm	Requirement	NA	NA

Since its introduction, the Quota system has been reviewed on a number of occasions, most recently by the Layman Study in 1987, but the following major characteristics have remained in place:

#### Quota System Characteristics

- Quota promotions take place within each branch except for the GL Commander to Captain pool promotion which is across all four branches.
- Officers are grouped into six-month seniority batches; in smaller branches some batches have been amalgamated.
- Promotions take place in zones which are of a limited length controlled in the main by minimum and maximum seniority.
- Career Factors (CFs) are established for promotion to the next higher rank, changes to the CFs have taken place since 1956 requiring the promotion plans to be re-drawn.
- The number of promotions awarded to a batch as it passes through the zone is calculated by multiplying the CF with the number in the batch at zone entry point.

An additional feature of the present GL promotion system is that promotion to Lieutenant Commander is automatic after 8 years' service

as a Lieutenant. As a result of the Layman Study a scheme for Early Promotion to Lieutenant Commander was introduced in 1990. This allows a small proportion of high quality officers to be awarded additional seniority and thus they are promoted to Lieutenant Commander either 6 or 12 months earlier than their peers.

**Initial Options**

The OSG developed seven promotion system options all of which were based on either the Quota or Promotion to Requirement systems. No other types of promotion system were identified that would meet the military and management needs of the Service. The four options based on a Promotion to Requirement system were developed after examination of other service promotion systems.

The following assumptions were made:

- Annual promotion boards and annual reporting will have been introduced by 1995.
- The capability to promote selectively to Lieutenant Commander will be required.
- Lists will be eliminated.
- Earlier promotion to Lieutenant Commander and an increase in time spent in the Lieutenant Commander rank for the above average officer are desirable.
- The promotion system should be capable of fast-track promotion to Flag rank for high calibre officers.

**Option Development**

During option development three preferred options were identified; their characteristics were:

**Option A - Enhanced Quota System**

- The present system with the possible enhancements of extending the length of the zones and expanding the Pool promotion facility so that it would be available at each rank.

**Option B - Basic Requirement System**

- All the characteristics of Option C without the 'smoothing' facility.

**Option C - Smoothed Promotion to Requirement System**

- A smoothed annual promotion target would be derived from the 'raw' annual target during consultations between the manpower planners and the appointers when the principle of maintaining an 'even flow' would be taken into consideration.

- Zones would be longer than at present and would be defined by minimum seniority, with the top end being three years before retirement age.
- The batch system would not exist, all officers in zone would be in competition with each other.
- Career factors would not be required.
- No Pool facility would exist.
- The system would operate within branches but across commissions.

Analysis of the three options compared each one against the OSG principles, whilst at the same time evaluating the effectiveness of the promotion system when linked to the proposed branch, commission and rank structures. Throughout the options development phase it was recognised that the promotion system must be fully compatible with the preferred structure management organisation. Thus any future system would have to operate in an environment of no Lists.

As a result of this analysis Options A and C were taken forward for proposal evaluation.

**Proposal  
Evaluation**

The aim of this phase was to identify the preferred future promotion system when measured against the OSG principles and the proposed post-1996 officer structure. Before this comparison was undertaken, the two enhancements to Option A, extended zones and the expanded pool facility were examined in detail in order to consider whether they should be taken forward. In both cases it was judged there was no justification for their inclusion in Option A.

Evaluation of the two options against our Principles indicated a clear overall advantage for the Smoothed Promotion to Requirement System. The advantages and disadvantages of the two options were as follows:

**Quota System -  
Advantages**

- In a manpower steady state this system would promote the necessary number of officers to satisfy the Requirement and achieve an even flow of promotions at each rank.
- A fair distribution of promotions is achieved by means of the promotion plan being developed across the limits of the zone with the selections per batch being normally distributed. Slight changes may result from efforts to achieve an even flow.
- The current Pool facility for promotion from Commander to Captain provides a safety net for the promotable officers who for whatever reason have not been selected by their own branch quota.

**Quota System -  
Disadvantages**

- The use of career factors and batches as fundamental elements in the construction of the promotion plan makes the Quota system inflexible in response to a changing requirement. Changes to the Career Factors, to respond to a changing requirement, should be applied to all batches in zone and those which will be in zone during the period that the change is to be implemented. Such changes will have a varying impact on promotion opportunities depending on the position of the batch in the zone.
- The lack of flexibility inherent in the Quota system can result in branches promoting officers in excess of their requirement and thus leading to potentially higher cost.
- Despite the batch transfer facility, the opportunity clearly exists for good officers not to be promoted out of strong batches and below average officers to be promoted from weak batches.
- The fixed zones which are an essential part of the mechanics of the Quota system, limit the promotion opportunities for the late developer, generate the 'over-zone' syndrome at an early stage and cause the early VOLRET of experienced and professional officers by offering no further promotion at a relatively early age.
- The preference to selectively promote from Lieutenant to Lieutenant Commander introduces the need within a branch to promote a high proportion of officers to a specific requirement and qualification. The quota system as currently structured would have difficulty in meeting these strict intra-branch requirements unless promotions were conducted within specialisations at the lower ranks.
- The Quota system employs the List system as the vehicle to apply varying CFs to officers of the same rank, seniority and branch. Elimination of Lists would take away this vital mechanical feature and thus introduce significant structural management difficulties.

**Smoothed  
Promotion to  
Requirement:  
Advantages:**

- The proposed system is both flexible and cost effective in that it is designed to promote the calculated and agreed number of officers to meet the requirement at the next higher rank.
- Introduction of this option for promotion to Lieutenant Commander, Commander and Captain RN would ensure that a common system is employed across the RN/RM officer and rating rank structure.
- The smoothing facility allows for the impact of variations in the annual requirement for promotees to be reduced; as far as possible an 'even flow' will be achieved.

- It is possible to promote to a dedicated requirement within a specialisation whilst meeting the more general CAPPS requirement.

- Utilising zones which are primarily defined by the minimum seniority and are 'uncapped' other than by retirement ages provides the more experienced and late developing officer with an expectation and opportunity for further promotion.

- The longer zones provide the opportunity to Boards to promote the 'best officer for the post' in specialist areas, without being hindered by the 'over-zone' constraints.

- Analysis of other promotion to requirement systems has confirmed that despite structural variation between the options the achieved distribution of promotions will be very similar.

**Smoothed  
Promotion to  
Requirement:  
Disadvantages:**

- Elimination of the Batch system will remove the structural control which guarantees that officers are in direct competition with their peers.

- The perception within the officer corps that the 'promotion to merit' Quota system will be replaced by 'promotion to an ill-defined requirement' will be justified if the career management system is not properly set in place and strictly monitored.

- The use of longer zones introduces the possibility that the distribution of promotions could become 'skewed' to the right which could lead to an older and less dynamic officer corps.

**Conclusion**

We judge that a combination of:

- A well defined and monitored requirement, which the OSG considers is a vital part of OSG Development and Implementation work.

- The use of 'average age' as a regulator to ensure an even spread of opportunity for promotion across the age/rank spectrum.

should enable the promotion to requirement system to provide the best means of meeting both the future needs of the Service and expectations of the officer corps.

**Key Proposal**

We propose that a smoothed Promotion to Requirement system should be introduced.

## **6.14 Motivation and Retention**

**Rewards and  
Incentives**

It is a corollary of the new officer corps structure which we recommend that pay, pensions and conditions of service arrangements should be developed to support this structure in a cost-effective way by providing appropriate rewards and incentives.

**Seniority Credits** Extra seniority should no longer be used on entry or during training to reward achievement. Pay on entry should be set at a competitive level by the normal pay review process. High performers during training should expect their reward by earning selection on merit for early promotion when they join the trained strength, or as part of the proposed new pay structure described below.

**Pay and Pensions Strategy** We see the need for a new pay and pensions strategy to align with OSG Principles and provide an up-to-date remuneration package. This should provide appropriate rewards according to merit and be able to respond quickly and effectively to changing management requirements.

**Management of Pay and Allowances** The primary role of the AFPRB in recommending pay levels based on external comparisons which are fair to service personnel and to the taxpayer should be retained. There should be increased delegation for detailed matters (eg. targeted retention bonuses) in line with the aims of Government management policies and the MOD's New Management Strategy. The recently centralised RN pay staffs should seek ways of strengthening their links with the Naval manpower planning and LTC processes through close liaison with RN TLB holders, manpower and management planning staffs. The aim should be to ensure that the CNP and the Navy Board are most effectively supported in their single-Service management task.

**New Pay Structure** To enhance motivation and retention, a new pay and related appraisal structure should be developed which:

- Replaces daily pay arrangements with an annual salary system.
- Allows overlapping pay bands between ranks.
- Provides greater encouragement and reward for performance, skill and experience.

Thus pay should reflect performance and value to the organisation while promotion should reflect primarily potential to perform well at higher levels. We envisage that an extended incremental pay structure (supplemented perhaps by bonuses) would provide the basis for the new pay arrangements. Our illustrative costings include some additional funding to provide for specifically targeted pay awards. The implementation of these proposals would of course be through the normal tri-Service pay machinery.

**AFPS** Pensions are an important part of the remuneration package and they must keep in step with changes in the structure and management of the officer corps. The RN should therefore support the need for a tri-Service review of the AFPS and RN input should reflect the new strategy recommended above in support of the new structure and OSG Principles. Other specific considerations should include the desirability of:

- Aligning provisions for officers and ratings.
- Retaining a "normal retirement age" of 55.
- Not reducing existing invalid and death in service benefits.

**New Terminal Benefit Package**

We believe that an attractive new package of terminal benefits for early leavers can be devised at lower cost than at present; this is summarised in Figure 14.

**Figure 14 - OSG TERMINAL BENEFIT PACKAGE**

		Terminal Benefit					Revised Redundancy Scheme
	Exit Type	Pension (5)	Annuity (5)		Severance Pay		
		Immediate	No Cash	25% Cash	1/4 Pay	1/2 Pay	
Before CRP around age 45	Compulsory at end of Initial Commission			**	**		
	Compulsory at CRP			**		**	
	Other Compulsory (1)						**
	PVR (3) (4)		**				
At or after CRP at around age 45	Compulsory at CRP	** (2)			**		
	Other Compulsory (1)						**
	PVR (3) (4)	** (2)					
	Normal Retirement	**					

**Notes:**

- (1) 2 year minimum; other exceptions to be established
- (2) Resettlement commutation option remains available
- (3) A new right to VOLRET at 12 months notice is proposed (6 months notice for those over the age of 40)
- (4) Includes voluntary exit at CRP or end of commission before normal retirement age
- (5) Pension provides full index linking as at present; annuity assures 5% maximum protection against inflation

In particular the arrangements would reduce the incentive to leave of early immediate pension payment by deferring that benefit from age 37 to around age 45. This would save around £18m a year, though not for some thirty years. An annuity-based preserved pension is proposed in its place. We also propose the phasing out of the Resettlement Grant payable after nine years' service (£0.3m a year) and the Short Career Commission Gratuity (£0.8m a year) and the introduction of a new generous form of Severance Pay (around £0.5m a year) for those leaving compulsorily at the end of the new Initial Commission or at subsequent Career Review Points. Other work should include:

- Market testing administration of the scheme
- Reviewing redundancy terms in the light of the new terminal benefit package.

**Financial Benefits**

In the long term, as savings accrue from the new pension arrangements, some further targeted refocussing of resources towards pay could provide improved reward for individual performance. The overall financial balance would need to be weighed by the AFPRB.

**6.15 Outflow Management**

**Controlling Numbers and Quality**

The current commission structure, with short, medium and full career options, and restricted transfer opportunities, allows limited structural control of manpower. The high proportion of GL entrants selected on entry means that there is little scope to adjust the qualitative balance across the officer corps as justified by individual performance.

As manpower numbers fall we shall need a more flexible system to manage this, without recourse to demoralising and expensive redundancy programmes. Short renewable "contracts" might work but are considered inappropriate where long and costly specialist training is involved. A system of selective consideration of individuals for further service appears more appropriate to Service needs.

**Career Review Points**

CRPs are proposed for this purpose, at the stages in an officer's career shown in Figure 15.

**Figure 15 - CAREER REVIEW POINTS**

TIMING OF CAREER REVIEW POINTS						
Substantive Rank	Seniority in rank					
	3	6	12	14	21	26
Lieutenant (1)				x	x	x
Lieutenant Commander (1)			x (2)			
Commander (1)			x			
Captain		x (3)				
One-star	x (4)					

Notes:  
 1. The requirement for a CRP will be waived if less than 3 years to serve to Normal Retirement Date on date due.  
 2. On achieving 12 years' seniority in the rank or at age 44 whichever is the later.  
 3. If not selected for One-star rank. Employment thereafter on job by job basis.  
 4. If not selected for Two-star rank. Employment thereafter on job basis.

When the manpower requirement falls, the CRP process will be used to release more officers. Without a CRP system in place the only alternative is redundancy payments with far higher costs and a severe impact on morale. Continued use of CRPs to reduce numbers when requirements are not falling would, however, lead to an increased throughput with corresponding increases in training and subsequent pension costs. Under such circumstances release through the CRP process should be considered only on a very limited basis to adjust particular imbalances or to remove individuals whose longer-term retention is not in the Service's interest. Modelling exercises will be carried out during the Development Phase to assess the overall cost implications of this proposal.

Those not offered continued employment beyond a CRP, would be released within 12 months and receive the new severance pay.

**Voluntary Retirement**

Currently officers wishing to retire voluntarily can normally expect to wait between 9 and 15 months, depending on the requirements of the Service and the need to avoid appointing turbulence for others. We propose that officers should be allowed to VOLRET at 12 months' notice (six months' for those over age of 40) as of right, providing they have no Return of Service commitment outstanding.

**Retirement**

Many officers retire long before reaching their compulsory retirement date and undoubtedly this will continue. The present normal compulsory retirement age depends on rank and ranges from 50 to 55 for all but the most senior ranks. It is proposed that a common normal retirement age of 55 should be introduced. This will be fairer, more flexible and secure a better return on the investment in training and experience. It is judged that the needs of a generally young service militate against raising the normal retirement age beyond 55. Officers may be asked to leave before this, for example at the new Career Review Points we propose, but all those remaining in service at age 55 should normally expect to retire at that point. A small number, including those at Flag rank, may be invited to serve beyond that age if there are specific requirements for their skills and experience which cannot be met by younger officers.

## 6.16 Regeneration

**Flexibility.** As the RN reduces in size, and the tasks it will face become increasingly uncertain, there will be a growing need to ensure that the facility exists to regenerate a larger corps rapidly and in a flexible way to meet the needs of unforeseen emergencies without generating excessively high costs in normal times. Earlier tri-Service work on the Regular/Reserve Forces mix has begun to address this question and we have taken that as a starting point.

**Reserves and their Role**

**Resources.** With ever more severe constraints on resources, we see the need for the RN to move towards a new, more cost-effective balance of Regular and Reserve RN officer categories. The 4 main categories are:

- **A smaller Regular officer corps**
- **Reduced volunteer reserves.** A much reduced volunteer Reserve -reflecting the limited scope in the RN for employing volunteers with limited training in a seagoing role.
- **New RFR officer corps** reflecting a five year liability for all former Regulars up to a maximum age of 45, including female officers who currently have no liability. This would replace the current Emergency List (four year liability for ex-Supplementary List officers only). Work to establish the necessary arrangements should proceed as part of the preparations for the 1995 Reserve Forces Act.
- **New Local Service Officer scheme.** In crisis they would be liable for worldwide deployment at seven days' minimum notice.

**Royal Marines  
Reserves**

The option of using Local Service Officers should apply equally to the RM subject to a detailed appraisal of individual posts. The current role of the RMR is seen as valid and the arguments for reducing the RNR do not apply. We propose that the Reserve liability for ex-Regular RM officers should, however, be aligned with that proposed for ex-RN officers.

**Summary**

The structure would provide the basis for regeneration in times of crisis, by capitalising on the training and experience of former Regular officers whilst focusing the resources provided for volunteer Reserves on the supply of key skills which are not available in the peacetime RN. Coupled with the less expensive terms of service proposed for the new Local Service Officers, the Regular/Reserve force mix proposed should be significantly more cost-effective overall.

## **6.17 Structure Modelling**

Dynamic modelling of OSG-derived structures was undertaken to confirm that they were sustainable for a range of requirement changes and that achieved promotion factors matched those forecast. Results for the 2000 OSG structure are illustrated at Figure 16 overleaf.

The models were based on a fixed requirement, with input promotions at each rank balancing the sum of promotions to the next higher rank, predicted wastage and retirement. Termination of service at CRPs was not used and the number of officers released at the end of the Initial Commission was derived by balancing the Lieutenant and the Lieutenant Commander requirement.

Achieved promotion factors are shown in Figure 17 overleaf.

In the context of a changing requirement, recruiting shortfall or changing wastage rates, our modelling demonstrates that the proposed structure is

**Figure 16 - PROMOTION FACTORS**

	Career Commission	Specialist Commission
To Lt Cdr	85%	50%
To Cdr	55%	25%
To Capt	35%	25%

**Figure 17 - STRUCTURE ANALYSIS (2000)**

BRANCH	CAREER COMMISSION				SPECIALIST COMMISSION
	WARFARE	ENGINEERING	SUPPLY	RM	WARFARE (FAA)
CAPT & I-STAR	120	78	18	28	10
ANNUAL PROMOTION	12	8	2	3	1
CDR	342	220	52	98	38
ANNUAL PROMOTION	34	22	6	9	4
LT CDR	747	381	94	155	247
ANNUAL PROMOTION	66	41	11	16	17
LT	919*	519	139	237	364*

\* Warfare branch Lt numbers show only CC and SC populations. A further 211 Lts populate the IC

flexible and meets Service needs cost-effectively. The ability to influence both CRP flow and the release rate at the end of the Initial Commission, together with the enhanced structure management potential of promoting to requirement would provide the Service with a responsive means of regulating both the size and the quality of the officer corps.

**Higher Rank Overview**

The number of one-star posts in 2000 derived from our rank structure work, ranged from 52 to 80. Billet Review results will help to determine the actual number but we perceive that the total will be nearer 52 than 80. Sustainability of senior ranks was examined by modelling the structure for 52, 66 and 80 One-star posts, incorporating the following assumptions:

- 30% of Two-star officers will complete two four-year appointments
- 20% of One-star officers will complete two three-year appointments
- Captains not promoted to One-star will serve nine years on average

Achieved promotion factors for the range of One-star posts were deduced from the results of the modelling illustrated at Figure 18;

**Figure 18 - HIGHER RANK OPTIONS (2000)**

	52 1-STAR POSTS	66 1-STAR POSTS	80 1-STAR POSTS
2-STAR	23	23	23
ANNUAL PROMOTION	4	4	4
1-STAR	52	66	80
ANNUAL PROMOTION	14	18	22
CAPT	202	188	174
ANNUAL PROMOTION	26	26	26
CDR	753	753	753

Promotion factors range from 54% to 85% to One-star and from 32% to 20% to Two-star. This led us to conclude that about 60 one-star posts would best match structural needs.

## 6.18 Structure Monitoring

The RN strategy for Management Information Systems in the personnel area envisages the need for substantial further investment in improving such systems amounting to some £30M over the LTC period. This is less than the preferred level of investment as a result of resource constraints.

### Information Systems

The new officer corps structure which we propose is more cost-effective, but would depend for its success on a closer more proactive monitoring of structural changes by the manpower planning staff. The career development patterns required to generate the appropriate mix of platform-related and business area skills would also demand a greater element of monitoring and planning than at present. Thus the need for improved personnel information systems is increased.

### Performance Indicators

To achieve the desired control, there would be a need during the Development Phase to define a range of key performance indicators for both structure management and career management planning which could be used in management plans as a basis for future action and system design.

In addition, the introduction of the wide-ranging structural and career management changes which we propose would require considerable amendments to the design of existing and proposed personnel systems.

**Resources**

We believe it is important that this work should be given a sufficiently high priority by the Board and that adequate resources are provided. To reflect the "officer" interest in the development of RN personnel systems our costings includes provision for an additional £5M over the LTC period to partially offset the reductions made in LTC93.

## CHAPTER 7 - CAREER MANAGEMENT

### 7.1 Introduction

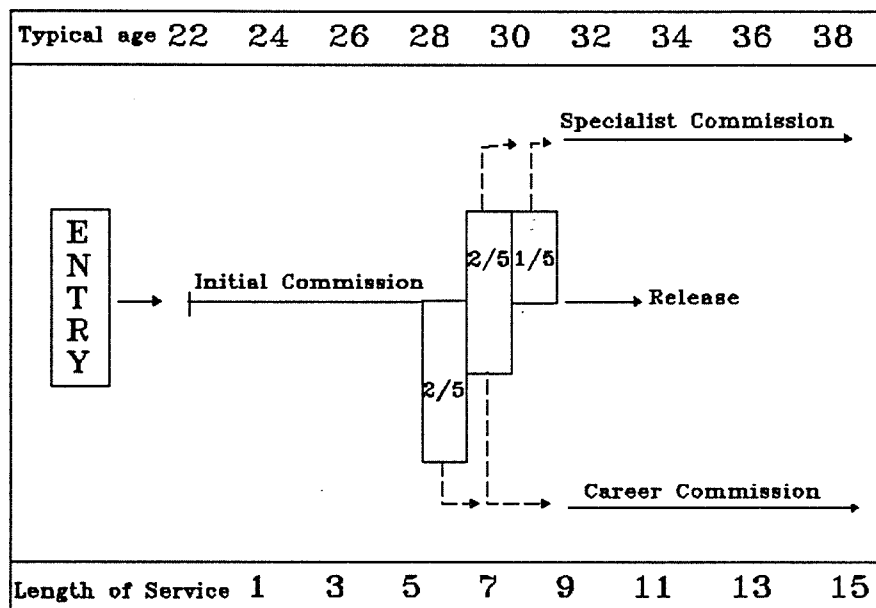
The aim of the Career Management system is to ensure that the career development of all officers meets the needs of the Service and, and as far as is possible, the aspirations of the individual.

### 7.2 Commissions

#### Selection for Career/Specialist Commission

We envisage that, of the 85% officers on an IC likely to be offered further service, the ratio for selection over the zone will be in the order of two fifths in year one, another two fifths in year two and a fifth in year three. This is illustrated in Figure 19 below.

Figure 19 - ILLUSTRATIVE 9-YEAR INITIAL COMMISSION WITH TRANSFER TO CAREER AND SPECIALIST COMMISSION



A front-loaded selection system would allow the most able young officers to be given early assurance that their potential has been recognised. Early selection for a second commission would also allow plans for career development to be established, particularly important where lengthy training is involved (eg Principal Warfare Officers' Course). All those in zone should be considered and those selected should be given a short period to decide whether or not they wish to accept the offer.

### 7.3 Career Progression

#### General

We recognised the importance of ensuring that our proposals incorporate a sound career management philosophy for each branch and addressed this issue using the illustrative career paths we developed. The following

proposals had a major impact on career path models:

- **Commissions Proposals** introduce enhanced flexibility during the Initial Commission and provide increased focus for the timing of business area appointments and related training.
- **Longer promotion zones** reduce the impact of the 'overzone syndrome' and thus increase appointing flexibility, particularly for warfare officers whose seniority should have a reduced influence on suitability for sea appointments.
- **Minimum time in rank** for the average officer is decreased for Lieutenants and increased for Lieutenant Commanders.
- **Longer appointments at higher ranks** provide increased focus for developing required business skills.

**Sea/Shore Ratios**

Variation in sea/shore ratio between branches is a direct result of different roles and training needs and we consider that major change is neither desired nor achievable. The current E or S officer spends about five years at sea before promotion to Commander compared with about twelve years for the X officer, whose career is less well-balanced because of the large early seagoing bias. Proposed promotion zones will increase the scope for appointing flexibility and help to improve the balance of officers' careers particularly for the warfare officer.

**Sea Command**

One of the main tasks of the warfare branch management system will be to ensure that officers with the potential for sea command are identified at an early stage at the appropriate rank. Recommendations for major war vessel command are made by the Sea Appointments Selection Board and approved by the First Sea Lord. Selections for minor war vessel command, and naval air squadron command, are made by the Naval Secretary. We conclude that 'pce' should continue to be a pre-requisite for selection for major war vessel command which should be open to all career warfare officers. A detailed examination of the career progression implications of the new branch structures has resulted in a recommendation that surface ship warfare training and experience should be a pre-requisite for major surface war vessel command; this should ideally comprise PWO training and experience. We conclude that major war vessel command experience should remain a pre-requisite for Squadron and CVS commands in the Surface Flotilla.

Appropriate specialisation skills should remain a pre-requisite for command of naval air squadrons, submarines and hydrographic vessels.

**Illustrative Career Template**

An illustrative career template for the surface ship warfare officer promoted to Commander at the average age of promotion (38 years) is at Figure 20. Our proposed template includes a staff course and one shore staff or training appointment as a Lieutenant Commander. We judge that

this adjustment does not require any increase in the surface ship warfare officer requirement and thus recommend that the warfare officer promoted to Commander at the average age should have completed staff training and one business area appointment as a Lieutenant Commander.

Figure 20 - ILLUSTRATIVE WARFARE OFFICER CAREER PATH

LT					LT CDR			CDR	
←----- 7 yr ----->					←----- 7 yr ----->			←----->	
OOW	Course & Sea Appt	ISC	PWO Course	Sea Appt	Sea Appt	RNSC	Shore Appt	XO Appt	Shore Appt
2 yr	2 yr	1 yr		2 yr	2 yr	1 yr	3 yr	2 yr	2 yr

**Career Development in the Business Area**

The central feature of the OSG concept is the development of business skills by experience in a selection of direct support and functional area appointments. The opportunities for officers to acquire business skills vary from branch to branch but we judge that with the warfare officer career adjustment proposed, no section of the officer corps will be disadvantaged. The career paths we envisage to develop the required generalist skills are illustrated in Figure 21.

Figure 21 - BUSINESS AREA SKILL GROUPS

PLATFORM BRANCH	BUSINESS AREA APPOINTMENT REQUIRING PLATFORM EXPERIENCE	BUSINESS AREA APPOINTMENT REQUIRING RELATED EXPERIENCE	BUSINESS SKILL
W/E/S/RM	PROFESSIONAL TRAINING TRAINING DESIGN	TRAINING POLICY	TRAINING
W/E/S/RM	PROFESSIONAL TRAINING PERSONNEL ADMINISTRATION	PERSONNEL POLICY RECRUITING PERSONNEL MANAGEMENT	PERSONNEL
W/RM	PLATFORM SUPPORT/DIRECTION TACTICAL DOCTRINE OPERATIONAL STANDARDS FLEET PROGRAMMES	WARFARE POLICY COMMAND & CONTROL FORCE STRUCTURE PLANNING OPERATIONAL REQUIREMENTS OPERATIONAL POLICY	OPERATIONS
W/E/RM	INTELLIGENCE ANALYSIS	INTELLIGENCE	INTELLIGENCE
W/E/S/RM	LOGISTIC SUPPORT	LOGISTICS PLANNING/POLICY	LOGISTICS
E	ENGINEERING ADVICE/SUPPORT LEVEL 2 MAINTENANCE LEVEL 3/4 MAINTENANCE	LOGISTICS SUPPORT POLICY LEVEL3/4 MAINTENANCE	
E	OPERATIONAL STANDARDS ENGINEERING ADVICE/SUPPORT LEVEL 2 MAINTENANCE LEVEL 3/4 MAINTENANCE	ENGINEERING SUPPORT POLICY OPERATIONAL REQUIREMENTS PLATFORM/SYSTEM ACQUISITION DESIGN SPONSORSHIP R & D MANAGEMENT	ENGINEERING
W/E/S/RM	LOGISTIC SUPPORT PLATFORM/SYSTEMS ACQUISITION	OPERATIONAL REQUIREMENTS PLATFORM/SYSTEMS ACQUISITION	PROJECT MANAGEMENT
E	LEVEL 2 MAINTENANCE LEVEL 3/4 MAINTENANCE	DESIGN SPONSORSHIP R & D MANAGEMENT	

**Balancing  
Branch Structure  
and Business  
Needs**

There is a clear need to ensure that career opportunities for officers in each branch are equitable. Given the blurring of branch boundaries implicit in our business skills proposals, we examined the balance between branch structure and business needs at the higher ranks to confirm that individual aspirations would not be unfairly constrained. The results of our analysis for 2000, which assumed 60 One-star posts and that promotion would be in proportion to branch size, are at Figures 22 and 23.

**Figure 22 - 1-STAR ANALYSIS (2000)**

POST-DERIVED		STRUCTURE-DERIVED	
OPERATIONS	18	30	WARFARE
ENGINEERING LOGISTICS PROJECT MANAGEMENT	18	19	ENGINEERING
PERSONNEL TRAINING	15	4	SUPPLY
OTHER	9	7	ROYAL MARINES

**Figure 23 - 2-STAR ANALYSIS (2000)**

POST-DERIVED		STRUCTURE-DERIVED	
OPERATIONS	9	12	WARFARE
ENGINEERING LOGISTICS PROJECT MANAGEMENT	5	7	ENGINEERING
PERSONNEL TRAINING	3	2	SUPPLY
OTHER	6	2	ROYAL MARINES

Reference to the relationship between branches and business area skills confirmed that the distribution of officers by branch is entirely compatible with business needs and that our proposals will not reduce promotion or employment flexibility at the higher ranks. We thus conclude that:

- The proposed structure will meet Service needs and provide attractive career opportunities for officers of all branches.
- Business skill group proposals will enhance professionalism without reducing flexibility.

**7.4 Promotion**

**Introduction**

The Smoothed Promotion to Requirement System proposed for the post 1996 officer corps incorporates the promotion zones shown in Figure 24.

**Promotion  
Profiles**

The distribution of promotions across the zone in the Smoothed Promotion to Requirement System is not mechanically controlled as it is in the Quota System. However analysis has confirmed that the distribution of

Figure 24 - PROMOTION ZONES

RANK	COMMISSION	ZONE (Service in rank)
MID-SLT	IC	Automatic at 2 years
SLT-LT	IC	Automatic at 3 years
LT-LTCDR	CC/SC	6 to 12 years approximately
LTCDR-CDR	CC/SC	4 to 3 years before Normal Retirement Age
CDR-CAPT	CC/SC	4 to 3 years before Normal Retirement Age
CAPT-1*	CC/SC	6 to age 52

promotions in the early years of the zone in the future system will be comparable with that achieved currently. At the higher ranks the importance of specialist qualification should diminish significantly so that at the new substantive One-star level selections for promotion would be made without reference to either.

In the development of the future structure due consideration should be given to the need for the future promotion system to generate promotion factors between each rank comparable with that achieved by the present Quota System.

The facility should exist in the promotion system for ensuring that high calibre officers can be promoted on a 'fast track' to the higher ranks. This may entail where appropriate utilising a 'dip down' technique. In principle all officers should be promoted on merit.

**Promotion Boards**

The Naval Secretary would be responsible for administering the Promotion Board system. The structure and methodology of the Boards will be examined in the development phase.

It is recommended that as part of the overall career management process a form of quality monitoring should take place starting as annual cohorts join the trained strength. At each step of the promotion process the Boards need to be instructed to assess the quality of each annual cohort. This information should then be compiled and action taken to ensure that any serious surpluses or deficiencies in talent are not allowed to distort the promotion profile to the next higher rank.

**7.5 Appraisal**

**Purpose**

The appraisal and reporting process should, if it is working properly, play a key part in helping officers to develop their full potential, as well as providing a basis for management decisions on appointing and promotion. Our survey of the officer corps showed no major criticisms of the current reporting procedures and the Form S206, though many junior officers considered training in report writing was inadequate. We believe,

however, that whilst the brevity of the current form is admirable and should be maintained, it does not distinguish clearly enough between performance in the current job, the need for personal development and potential for promotion. Though the Performance Assessment Discussion (PAD) is valuable, the reporting process nevertheless appears to us to have a tendency to encourage too great a focus on the failings of an officer and too little focus on how personal skills and attributes might be improved by training or relevant experience.

**Form S206**

We believe that increased formal training on report writing and appraisal procedures, possibly in the ISC syllabus, is required. We consider that the Form S206 should be modified to separate more sharply the three main aspects of performance, personal development and potential, and to encourage a more active and positive approach by reporting officers to the development of subordinates. Assessment of reporting officers' own performance should take account of the extent to which they have helped to develop the potential of their staff. The process will in future also need to provide a sound basis for assisting the development of professional skills and experience through the platform-based branch and business area skill group matrix we propose.

**Open Reporting**

At the same time, the move we propose towards a pay structure which focuses more closely on encouraging and rewarding performance, skills and experience will demand a sharpening of the assessment, appraisal and reporting process. We do recognise this may lend weight to the case for more open reporting which is already the subject of pressures from both inside and outside the officer corps. As a first step we believe all officers should be required to sign their S206 following their PAD. Further moves towards more open reporting should be closely monitored but we do not recommend its wider adoption by the RN at present.

## **7.6 Appointing**

**Career Manager**

The OSG in proposing that a more comprehensive career management system is required in the future is not suggesting that any significant changes to the present appointing procedures are required. Whilst improved IT should allow some rationalisation of appointers tasks it is recommended that any move away from appointing towards drafting should be strongly resisted. It is considered that the post 1996 career management system will require, for the W, E, S and RM branches, the number of appointers to remain at the 1993 levels. Thus any savings should result solely from the demise of the Instructor branch.

The present arrangements for across-branch cooperation within Naval Secretary's department, exemplified by the Officers Policy Section (OPS) and the Common Appointments (CAPPS) committee, should be expanded to ensure that in the future structure the business area skill needs are properly met.

BOARD CIRCULATION ONLY

OSG ILLUSTRATIVE MANPOWER SAVINGS

		NPV LTC Period	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Total Numbers</b>												
Shadow 7 XESI RM WRNS					5914	5845	5810	5845	5828	5828	5828	5888
HTQ/margin(16%)					946	935	930	935	932	932	932	942
Untrained Strength					1010	1025	1090	1145	1195	1205	1245	1260
Total					7870	7805	7830	7925	7955	7965	8005	8090
<b>OSG WES RM</b>												
HTQ Margin (1)					946	880	800	752	720	770	748	731
Smoothed Untrained (2)					1010	950	900	850	800	800	800	775
OSG Total					7870	7330	6700	6302	6020	6020	5948	5806
<b>Total Reduction OSG</b>			0	0	0	475	1130	1623	1935	1945	2057	2284
<b>Of Which replaced by</b>												
LSOs (3)	No		0	0	0	100	200	300	300	300	300	300
	Saving £m	-4.7	0.0	0.0	0.0	-0.4	-0.8	-1.2	-1.2	-1.2	-1.2	-1.2
Warrant Officers	No		0	0	0	50	150	230	260	260	260	260
	Saving £m(4)	-2.2	0.0	0.0	0.0	-0.1	-0.3	-0.5	-0.6	-0.6	-0.6	-0.6
Civilian/Contractors	No		0	0	0	75	200	400	500	600	600	600
	Saving £m(5)	-26.5	0.0	0.0	0.0	-1.1	-2.8	-5.6	-7.0	-8.4	-8.4	-8.4
Sponsored UCs	No		0	0	0	50	100	150	150	150	150	150
	Saving £m(6)	-5.6	0.0	0.0	0.0	-0.5	-1.0	-1.4	-1.4	-1.4	-1.4	-1.4
<b>And deleted</b>												
Untrained	No		0	0	0	25	90	145	245	255	295	335
	Saving £m (7)	-10.3	0.0	0.0	0.0	-0.3	-1.1	-1.7	-2.9	-3.0	-3.5	-4.0
Trained	No		0	0	0	175	390	398	480	380	452	639
	Saving £m(8)	-56.8	0.0	0.0	0.0	-5.2	-11.7	-11.9	-14.4	-11.4	-13.6	-19.2
<b>Total Savings £m (9)</b>		-106.0	0.0	0.0	0.0	-7.6	-17.7	-22.4	-27.5	-26.0	-28.7	-34.7

REDUNDANCY COSTS

+ 56.1

0 0 0 25 25 25 0 0 0 0

Not included in the net total since it is hoped that additional Treasury funding may be secured for redundancy as for PROSPECT/OPTIONS REDUCTIONS; if it is not, the savings will inevitably take longer to achieve unless funding can be found elsewhere within the Defence budget

NOTES

- (1) 16% initially, rising to 17% from 2000 to provide increased flexibility in smaller corps; application needs further consideration
- (2) Initial assessment; needs further study
- (3) LSO at £4k per head net saving
- (4) at £2.3k per head net saving.

- (5) at £14k per head net saving
- (6) at £9.5k per head saving
- (7) at £11.8k per head saving
- (8) at £30k per head saving
- (9) Not including pension savings

**BOARD CIRCULATION ONLY**

**OSG ILLUSTRATIVE COSTINGS - LTC 93 PERIOD**

	£M											
SAVINGS	NPV	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	99/2000	2000/01	2001/02	2002/03	TOTAL
SIZE OF OFFICER CORPS	-106.0	0.0	0.0	0.0	-7.6	-17.7	-22.4	-27.5	-26.0	-28.7	-34.7	-164.6
SIZE OF RNR (OFFICERS)	-25.5	0.0	-2.0	-3.0	-4.0	-4.0	-4.0	-5.0	-5.0	-5.0	-5.0	-37.0
DEGREE TRAINING(sponsorship)(1)	-56.6	+ 2.4	-4.6	-9.2	-14.2	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	-80.8
DOUBLE COUNTING OFFSET(2)	+ 41.5	0.0	+ 2.2	+ 3.0	+ 5.0	+ 5.0	+ 5.0	+ 10.0	+ 10.0	+ 10.0	+ 12.5	+ 62.7
<b>TOTAL SAVING(3)</b>	<b>-146.6</b>	<b>+ 2.4</b>	<b>-4.4</b>	<b>-9.2</b>	<b>-20.8</b>	<b>-25.9</b>	<b>-30.6</b>	<b>-31.7</b>	<b>-30.2</b>	<b>-32.9</b>	<b>-36.4</b>	<b>-219.7</b>
<b>ADDITIONAL INVESTMENTS</b>												
IMPLEMENTATION	+ 7.9	+ 1.4	+ 2.4	+ 2.1	+ 1.4	+ 0.4	+ 0.4	+ 0.4	+ 0.4	+ 0.4	+ 0.4	+ 9.7
URNU EXPANSION	+ 7.0	+ 0.0	+ 0.2	+ 0.8	+ 1.0	+ 1.0	+ 1.3	+ 1.5	+ 1.5	+ 1.5	+ 1.5	+ 10.3
RN CADET EXPANSION	+ 9.4	+ 0.0	+ 0.6	+ 1.0	+ 1.0	+ 1.4	+ 1.8	+ 2.0	+ 2.0	+ 2.0	+ 2.0	+ 13.8
ENHANCED TRAINING	+ 3.5	+ 0.0	+ 0.0	+ 0.0	+ 1.0	+ 1.5	+ 0.5	+ 0.5	+ 0.5	+ 0.5	+ 0.5	+ 5.0
POTENTIAL OFFICER COURSE	+ 6.4	+ 0.0	+ 0.1	+ 2.1	+ 3.3	+ 0.5	+ 0.5	+ 0.5	+ 0.5	+ 0.5	+ 0.5	+ 8.5
PUBLICITY BUDGET	+ 10.1	+ 0.2	+ 1.0	+ 1.3	+ 1.3	+ 1.3	+ 1.5	+ 2.0	+ 2.0	+ 2.0	+ 2.0	+ 14.6
CO-LOCATE AIB/INITIAL TRAINING	+ 3.4	+ 0.0	+ 0.0	+ 0.0	+ 1.0	+ 3.5	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 4.5
OSG POLICY EVALUATION	+ 0.3	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.3	+ 0.2	+ 0.0	+ 0.0	+ 0.5
IS ENHANCEMENT	+ 4.0	+ 0.0	+ 0.1	+ 0.5	+ 1.5	+ 1.8	+ 0.8	+ 0.3	+ 0.1	+ 0.1	+ 0.1	+ 5.3
RELOCATION SCHEME	+ 9.4	+ 0.0	+ 0.0	+ 0.0	+ 2.0	+ 2.0	+ 2.0	+ 2.0	+ 2.0	+ 2.0	+ 2.0	+ 14.0
NEW RM RANKS	+ 0.2	+ 0.0	+ 0.0	+ 0.2	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.2
SKILL PAY ETC	+ 20.2	+ 0.0	+ 0.0	+ 0.0	+ 2.0	+ 2.0	+ 5.0	+ 5.0	+ 5.0	+ 6.0	+ 6.5	+ 31.5
BUY OUT SCHEME	+ 4.0	+ 0.0	+ 0.0	+ 0.0	+ 5.0	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 0.0	+ 5.0
<b>TOTAL INVESTMENTS</b>	<b>+ 85.7</b>	<b>+ 1.6</b>	<b>+ 4.4</b>	<b>+ 8.0</b>	<b>+ 20.5</b>	<b>+ 15.4</b>	<b>+ 13.8</b>	<b>+ 14.5</b>	<b>+ 14.2</b>	<b>+ 15.0</b>	<b>+ 15.5</b>	<b>+ 122.9</b>
<b>NET COST/SAVING</b>	<b>-60.9</b>	<b>+ 4.0</b>	<b>+ 0.0</b>	<b>-1.2</b>	<b>-0.3</b>	<b>-10.5</b>	<b>-16.8</b>	<b>-17.2</b>	<b>-16.0</b>	<b>-17.9</b>	<b>-20.9</b>	<b>-96.8</b>
LTC 93 OSG PROVISION(4)	-20.5	+ 1.6	+ 0.8	+ 0.8	+ 0.6	-1.7	-4.3	-4.3	-8.7	-8.7	-10.9	-34.8
EXTRA COST/SAVING FROM LTC93 (5)	-40.4	+ 2.4	-0.8	-2.0	-0.9	-8.8	-12.5	-12.9	-7.3	-9.2	-10.0	-62.0
REDUNDANCY COSTS	+ 56.1	0.0	0.0	0.0	+ 25.0	+ 25.0	+ 25.0	0.0	0.0	0.0	0.0	+ 75.0

Not included in the net total since it is hoped that additional Treasury funding may be secured for redundancy as for PROSPECT/OPTIONS REDUCTIONS; if it is not, the savings will inevitably take longer to achieve unless funding can be found elsewhere within the Defence budget

NOTES: (1) As reported by 2SL to Min(AF) (2SL 503/4 dated 3 Mar 93)

(2) A preliminary assessment of possible double counting between OSG figures and LTC93 (eg the CNH savings wedge; market testing etc)

(3) Additional savings are expected beyond the LTC period from the new rank structure and terminal benefits package described elsewhere in the report; also allowing for falling numbers in the long term these savings could eventually reach £80m per annum. Manpower savings are also projected to rise beyond the LTC period to save up to £60m per annum in pay and allowances

(4) Disregards erroneous costing for FOSNI savings prior to 1997/98 in LTC93, which are unrelated to the OSG

(5) Part of this may be required to fund a new annuity - based terminal benefit scheme (subject to further study)

**Sea  
Appointments  
Selection Board**

The role and effectiveness of the SASB has been examined and no changes are proposed to the present procedures. During the development of the Smoothed Promotion to Requirement System due note should be taken of any changes that might impact on the SASB procedures.

**Common  
Appointments**

We see merit in continuing with the current CAPPs procedures but complete validation of the system will not be possible until after the Billet Review is complete. It has however, been assumed that the future career management system must be capable of handling a Requirement which includes a proportion of CAPPs posts. The majority of CAPPs posts are likely to be at Commander/Lieutenant Colonel rank and above and as in many cases they are good quality broadening posts, their allocation across the branch structure must be carefully managed. It is envisaged that each branch, including the Royal Marines, will be allocated its share of CAPPs in accordance with an agreed formula; at present it is achieved by a pro-rata share. The annual promotion target will include a mathematical allocation for CAPPs. The results of the promotion boards having been made available to the appointers it is envisaged the CAPPs committee will decide which of the new promotees, in competition with those already in the rank, will be appointed to a CAPPs post.

## **7.7 Terms of Service**

The implication is that those whom the RN requires and who perform well will be appropriately rewarded; pension arrangements will be designed so as to reduce the incentive for people to leave eg by deferring the immediate payment of a pension from around age 38 to about 45. Terminal benefits for those who are required to leave should be greater to reflect that fact; those who leave early of their own accord should receive a fair deferred pension provision, but no other special financial reward which could encourage them to do so.

**Mobility**

We judge that the current allowance structure provides a generally sound framework for supporting the career pattern expected for most officers in future. OSG proposals for introducing a Local Service Officer category will provide an avenue for officers seeking more static employment, and the terms of service will be correspondingly less generous. As the shore-based elements of the RN become more concentrated the impact of mobility on those who are required to move will be correspondingly greater. So for Regular officers who move house on change of appointment there is a case for providing more generous financial support in the form of a commercial relocation scheme of the kind used by the Civil Service. Initial estimates suggest a cost of some £2m per annum.

**Terms of Service Document**

Resulting from the analysis of the terms of service implications of the many changes we have proposed it was concluded there would be some benefit from introducing a Terms of Service document which would have the following purposes not least in relation to expected EC legislation.

- To provide the Service with a means of communicating to the individual officers their initial terms of service and any subsequent relevant changes.
- To be used to support recruiting publicity as a means of communicating the terms of service to the potential officer before he embarks on a naval career.

It would be issued to every entrant and would be kept up to date by Second Sea Lord's department. Initial discussions with NMT have indicated that with suitable IT facilities the administrative load should be acceptable.

The following is an illustrative list of contents:

- Entry Qualifications and arrangements
- Branch and specialisation details
- Commissions
- Rank Structure
- Career management including promotions, training, Career Review Points and illustrative career paths
- Pay and allowances
- Retirement/Severance benefits

Detailed development of this proposal should be taken forward by the development team.

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## CHAPTER 8 - THE NAVAL SUPPORT SERVICES

### 8.1 Royal Naval Medical Service.

It became evident early in the study that the Royal Naval Medical Service (RNMS) has officer structure problems which require addressing. To this end, it is planned that further work on RNMS issues will be addressed by a medical specialist under OSG guidance during the Development Phase.

#### Issues to be Addressed

In broad terms, we would expect the RNMS to align with our proposals as they apply to the Royal Navy officer corps unless there are specific professional reasons why this is not practicable, whilst taking due account of the wider tri-Service implications within the organisation of the Defence Medical Services (DMS). Various specific issues, within a wider review, need to be addressed; these are covered below.

#### Internal Common Appointments

Current trends within the National Health Service are highlighting the importance of cost-effective management and administration. There is scope for the RNMS to examine its management structure with a view to adopting a broader selection process for its managerial and administrative posts. A form of common appointments within the RNMS, whereby selection for identified posts can be made across the spectrum of RNMS specialisms (Medical, Dental, Nursing or Medical Services) would increase flexibility and cost-effectiveness. The introduction of a promotion to requirement system and the abolition of the current SD List, thereby allowing the opportunity for promotion for Medical Service officers above the rank of Commander, will give further impetus to a common appointments system. In the longer term, it is our view that, where appropriate, more administrative posts should be filled by medical administrative specialists as opposed to skilled clinicians.

#### Consultants' Terms of Service

Royal Navy Consultants have different terms of service and promotion parameters to their Army and RAF contemporaries, which many perceive as being disadvantageous to both the individual and the Service. Consultants' terms of service will therefore need to be examined during the Development Phase.

#### Commissions

At present, the RNMS have unique commissions for entering naval medical and dental officers. These commissions will need to be examined in the light of our proposals on commissions in the Royal Navy including the possibility that the Specialist Commission should be adopted and that Local Service Officer posts should be introduced. The Billet Review Team should examine all RNMS posts as part of its review.

#### Terms of Service

An examination of career factors and retirement ages should be undertaken to ensure that they fit with the new officer structure. They must meet the aspirations of new entry medical and dental officers and recognise the tri-Service dimension of medical/dental officer recruitment.

**QARNNS  
Badges of Rank**

The adoption of naval rank by WRNS officers has left the QARNNS as the only women's service without military rank. The review of the Armed Forces Medical Services anticipates a reduction in the number of Service Hospitals with a consequent increase in the tri-Service interface. This will further highlight the difference of the QARNNS rank system. 'MDG(N)s' paper, "Women at Sea" is currently addressing this issue. We endorse the early adoption of naval badges of rank for QARNNS officers.

## **8.2 The Royal Naval Chaplaincy Service**

In January 1992, the Chaplain of the Fleet outlined the management and future of the Royal Naval Chaplaincy Service (RNCS) in the paper "A Study of Naval Chaplaincy Services". The study was subsequently endorsed by the Navy Board and follow-on action in accordance with an implementation plan is currently proceeding. In broad terms therefore, a thorough examination of the RNCS had already been undertaken prior to the work of the OSG. However, it is our perception that closer links between the clergy and the Service could be forged by having, where possible, common terms of service between the RNCS and their Naval counterparts.

**Entry**

Naval Chaplains are currently selected on the basis of a series of interviews and whilst there is a Naval officer on one interview, candidates do not attend the AIB. The RNCS is the only Direct Entry part of the Naval service whose candidates do not attend the AIB. We believe there would be value in a specific AIB for chaplain candidates, just as there is for other specialists in the Navy (eg doctors and nursing officers). This would allow exposure to the Royal Navy at an early stage, enhance the "all of one company" ethos and expose them to similar profile and personality testing as undertaken by other candidates. It is accepted that selection would require to be tailored to the needs of the RNCS and further development work will be required.

**Commissions**

Naval chaplains currently join initially for a four year commission. There was a perception, both within the Chaplaincy Service and the OSG, that this period may be too short for both the individual and the Service. We have recommended that the Initial Commission for all officer entrants should be nine years and it is our view that this Initial Commission should meet the needs of the RNCS as well. This proposal will need to be further examined during the Development Phase.

**Training**

Staff training has become increasingly important with the implementation of NMS and we believe that the Initial Staff Course should be attended by all officers selected for a Career Commission in the Royal Navy. It is our view that those chaplains who subsequently commit themselves to longer service in the Royal Navy should also attend the ISC and selected chaplains should also have the opportunity to attend the Royal Naval Staff Course.

**Recruiting** Recruiting for the RNCS is buoyant for all denominations except for Roman Catholics; with the "way forward" for the appointing of chaplains being based upon "any denomination", this may cause imbalance in the future.

### **8.3 The Royal Naval Careers Service**

Lack of time and resources has prevented us from examining the Royal Naval Careers Service. However, the Careers Service has a vital role in attracting and recruiting the quality of people that the Naval Service requires. The Careers Service officer structure will be examined during the Development Phase, in the light of our proposals for the officer corps generally and of the effects these will have on the task of the Careers Service. RNCS posts should be included within the scope of the Billet Review Team.

### **8.4 The Royal Naval Family Services**

Similarly, the role and career of the Family Services Officer has not been examined and should be examined as part of the development work.



## CHAPTER 9 - OVERALL FINANCIAL APPRAISAL

### Improving Cost-Effectiveness as a Driver

The RN officer corps currently costs around £480m a year for pay, pensions (of past members) and allowances; shore training costs account for some £200m a year. Against the background of increasing resource constraints, improving the cost-effectiveness of the corps was endorsed by the Navy Board at an early stage in our study as one of the key drivers of our work. However, whilst the rising costs of manpower are a matter of concern, we have not set out simply to conduct a savings exercise; indeed, we have been concerned to identify resources which might be released in order to fund a range of new investments which are needed to support the future officer structure.

Compared with 'Shadow 7' projections by DNMP, we estimate that our proposed structure will generate savings of some £100m over the LTC period. This compares favourably with the more cautious saving of around £35m included in LTC93 for planning purposes. The savings derive largely from three aspects of the OSG's work:

- A corps based on a platform-derived approach.
- Using uniformed officers only where their particular skills and experience are required.
- An improved method of predicting future requirements.

Specific points to note are:

- Shadow 7 figures do not reflect final LTC93 measures or the impact on manpower of saving wedges or other uncertain organisational changes (eg NSC and PE reductions).
- The projected untrained strength figures **increase** over time to reflect a projected rise in VOLRET rates post-recession.
- OSG projections reflect the same platform basis as LTC93. Beyond the LTC period the Fleet size could increase, remain stable or decrease further - we perceive that the most likely outcome is within an envelope between no change from 2002 levels and a reduction which could lead to further savings in the officers' pay bill of up to £60m a year.
- The reductions which we project assume replacement of officers in many cases by, for example, LSOs, Warrant Officers, civilians/contractors, or, from the untrained strength, by sponsored university undergraduates. There will also need to be an overall reduction in numbers, including reducing HTQ/margin numbers and a smaller untrained strength, if the size of the corps is to be contained to a level which can be sustained by the projected smaller platform base.

This will present TLBs with some continuing hard choices as they seek the best manpower balance from within the available resources. The Billet Review Team proposed by the OSG will provide a catalyst for carrying this work forward in consultation with TLBs. We do propose an increase in the relative size of the HTQ and margin to provide some additional flexibility.

**Funding New  
Investment**

The savings discussed above are net, and our package includes proposals for extra expenditure in certain key areas (e.g. for staff to manage the transition process and funds to allow greater recruiting effort to secure technical graduates in the face of stiff competition). In addition, some initial capital investment is needed (e.g. to allow for the expansion of URNUs). Our package must be taken as a whole and investment is required before savings can be realised.

**Further  
Development  
Work**

Our projections need to be treated with caution and we plan a more detailed appraisal during the Development Phase, both to confirm the initial assessments and to provide a more accurate basis for LTC94 or, more realistically, LTC95. We believe that a significant net saving will be achieved over the LTC period and beyond, whilst allowing a worthwhile deployment of additional resources in certain key areas.

As line management takes on a greater role in carrying forward our proposals during 1993/94, the separation of OSG-derived investments and savings from those arising from normal day-to-day business will become difficult. It will be important to avoid double-counting in LTC94 and to ensure that the OSG package is kept together as a coherent whole with identified savings providing the offset for the extra expenditure we recommend.

## CHAPTER 10 - THE NEED FOR FURTHER WORK

### 10.1 Transition Arrangements

#### **Timescale for Change**

In order to secure the benefits of the new structure, it is important that the transitional process should take place as soon as is practicable. However, what we propose represents a wide-ranging and complex package of changes in the culture, structure and management procedures of the officer corps. It will inevitably be many years before all aspects have filtered through to any kind of steady state. The constantly changing size and shape of the Naval Service which we predict will in any case mean that a true steady-state is unlikely to be achieved at all within the timescale of the OSG horizon (i.e. year 2010). Some changes, such as pensions, will take even longer for the full financial impact to be felt - around year 2030.

Our aim therefore, has been to identify a means of bringing the majority of the new arrangements into effect reasonably soon whilst recognising the need to avoid undue disruption to existing members of the officer corps. Precisely how each item will be introduced will require detailed study during the Development Phase, though observations on some aspects of the transition are contained in individual sections of this report.

We conclude that a given target date should be set when most aspects of the new arrangements will be applied to all new entrants. Practical constraints suggest that the earliest achievable date is 1 April 1996. We then see a period of up to 12 months during which existing officers (those joining before 1 April 1996) are assimilated into the new arrangements as far as appropriate.

#### **The Choices for Serving Officers**

It is in the interests of the Navy that existing officers should move to the new structure and terms of service as soon as feasible. For many individuals the benefits will be clear and they will readily accept employment on the new terms offered. For others, some financial inducements may be necessary to offset perceived disadvantages and we have provided for this possibility in our costing package. Detailed proposals will need to be settled during the coming year so that each officer serving in April 1996 is clear what choices are being offered and what benefits will be available in the new structure. Inevitably, there will be a proportion of officers who wish to retain their current terms of service as reserved rights. This may be feasible in some respects but not in others and the details will need careful consideration.

### 10.2 Development and Implementation

#### **Timing of Development & Implementation**

It is envisaged that work to define the detailed requirements for turning the OSG's proposals into reality will take place during a Development Phase in 1993/94; this would be followed by a three-year Implementation.

- Preparing for Implementation** There is much preparatory work to be done if the target date for implementation is to be achieved. The review of individual officer billets which we propose is a key part of this work, including the "Why officer?" analysis. Planning for the **assimilation of the Instructor Branch tasks and of the SD list** will also be major features. Other work needing early attention includes:
- Entry**
- Prepare new recruiting material.
  - Plan new PR integrated strategy (Regular/Reserve/Cadet Forces).
  - Develop new selection procedures including the introduction of a Potential Officers' Course.
  - Develop a sponsored degree entrant scheme to replace in-Service degrees.
  - Develop a revised Bursar scheme.
  - Plan expansion of Naval Cadet Forces.
  - Plan restructured recruiting targets.
  - Plan move of AIB to the Naval College.
- Manpower Planning**
- Develop new forward manpower plan.
  - Modify and improve information systems.
- New Terms of Service**
- Prepare to discontinue academic attainment seniority credits.
  - Plan procedures for operating the new commission and CRP system.
  - Prepare for a common normal retirement at age 55.
  - Prepare to introduce promotion by smoothed requirement and selective promotion to Lieutenant Commander/Major RM.
  - Develop new pay and terminal benefit arrangements.
  - Prepare amended regulations.
- Ranks**
- Plan the introduction of new RM ranks and badges.
  - Prepare to introduce a substantive One-star rank.
- Career Development**
- Plan for longer appointments.
  - Develop a fast-track scheme.
  - Develop terms of service documents.
  - Develop new career development procedures.
  - Develop modified appraisal and reporting procedures.
- Training**
- Improve and develop the training process.
- Regeneration**
- Prepare to introduce Local Service Officers scheme.
  - Reserve developments including an RFR officer corps and smaller RNR.
- Rating Interface**
- Ensure that the interface with the rating structure is properly maintained through close linkage with ongoing work.

**Line Management to Lead** A central team is planned to coordinate these activities, keep up the momentum and ensure a coherent approach. We see line management leading in developing the concepts in their own respective areas. The central team should incorporate a roving Presentation Team to inform the officer corps of the emerging structure and to provide a channel for feedback. It is vital that, in order to avoid misleading rumours, the officer corps is informed as soon as possible after Ministers have been notified of the changes now proposed, accepting that final decisions on implementation remain to be taken following the Development Phase. The need for a general Press Release should also be considered.

**PR Team to be Established**

To achieve these aims, additional staff and consultancy resources will be needed and this is reflected in the provision in LTC93.

**LTC**

LTC93 reflects net financial benefits from our work offset by initial estimates of new investment and transition costs. The latest figures indicate that further substantial net financial benefits are now foreseen. A key aspect of the work during the OSG Development Phase will be to refine the costings and produce more accurate figures as a basis for the LTC94 planning cycle and, more realistically, for LTC95.

### 10.3 Consultation

**Consultation With Other Services**

The Army and RAF study teams have been consulted as our work has developed and it is envisaged that this consultation will continue during the next phases of the study. Areas of particular mutual interest are rank structures, pay and pensions matters.

**Consultation With the Central Staffs**

Similarly, the Central Staffs have been advised of our emerging conclusions. Work on pay and pensions aspects in particular will need to be processed through the established tri-Service machinery once the RN objectives are clearly defined.

**HM Treasury Involvement**

HM Treasury made a number of comments for consideration by the OSG and were consulted as work developed. It is intended that a copy of the final report should be sent to the Treasury for comment.

**Ministers, HM the Queen and Parliament**

It is proposed that the First Sea Lord should inform Ministers of the OSG's proposals as soon as possible after formal Navy Board endorsement is received. It is envisaged that HM the Queen and Parliament will subsequently be informed, though the form and timing needs further consideration.

### 10.4 Policy Evaluation

**Need for Policy Evaluation**

Policy evaluation is the process of examining a policy while it is in operation to see whether it is meeting the objectives for which it was designed in a cost-effective way, and to identify changes which may be needed to get it back on course. Our directive requires us to recommend

the form and timing of an appropriate policy evaluation for the changes resulting from our study.

**Timing**

With such a major change of approach as we are proposing, it will be some time before implementation is sufficiently advanced to merit a full evaluation of whether the expected benefits have been achieved. Given our target date of 1 April 1996 for introducing most aspects of the structure we do not believe the effort of a major evaluation would be justified before say 1999 or 2000.

**Work During  
Development  
Phase**

The plans for such a review should be developed during the OSG Development Phase in 1993/94. We would see the main objectives of the review as being to establish whether:

- The OSG Principles have been met by the new structure and management arrangements.
- The specific policy objectives detailed in this report have been achieved.
- Performance indicators for structure and career management have been met.
- The additional investment and savings which are put forward in LTC94 or 95 as a result of further development work are achieved.

**Monitoring by  
Line  
Management**

It would be imprudent to leave it until 1999 before checking to see whether the major programme of change which we recommend is on course. We would expect line management to monitor progress against the agreed objectives in their respective areas of responsibility and to draw to the attention of the Second Sea Lord any serious divergence.

**Link with  
Management  
Plans**

Link with management plans should be achieved by the setting and monitoring of appropriate objectives in the Management Plans of the TLB holders concerned. During the Implementation Phase the OSG Implementation Team would be expected to coordinate this monitoring process and action needed to keep the project on track.

## CHAPTER 11 - SUMMARY OF MAIN PROPOSALS

### 11.1 Ethos

- Balance** Now follows, finally, a summary of the main proposals presented in this study. We believe that they represent a constructive package that not only meets the directive but also fulfils in good balance the principles we derived. For **balance** is the key - flexible, cost-effective, sustainable and practicable might be key drivers for the Board but when viewed by the individual, - up-to-date, rewarding and fair create the balance.
- Change** The next balance concerns the management of change. Over the last 30 years or so there has been a slow but steady increase in the divergence between the social standards and career commitments expected of Service personnel and those espoused by their civilian counterparts. Over this time period the Armed Forces have found it necessary to make adjustments to terms and conditions of service, in recognition of changing civilian perceptions and aspirations (not least among naval families), in order to attract and retain volunteer entrants. The Service should not lead the process of social change, but cannot allow itself to get too far out of step. There is a fine balance to be struck, and it is one that requires adjustment over time. Officers entering the Service today have different values from their predecessors who entered ten or more years ago, and the same will undoubtedly be true in another ten. For instance potential officers will come from a British society which is in general: intelligent but unbiddable, acquisitive (to the verge of selfishness), unfit, agnostic (theologically and probably militarily) short term and inclined to be immobile. The potential officers from this society need to be converted into fit, resilient and inspirational young naval officers who accept discipline, danger, discomfort and separation and can lead in peace and, most important, in adversity with professionalism, style (noblesse oblige) and a sense of fun.
- Commitment to Change** How the conversion from civilian to naval officer is effected is dependent, not only on a successful transformation through the new OSG Strategy, but a crucial acceptance of the **need** for change by all in the present officer corps from top to bottom, and determination to see it through.

### 11.2 Proposals

The OSG proposes that:

- The Structure** **The Royal Marines are integrated within the naval officer corps.** The key pre-requisites for this process are rank alignment, an allocation of an appropriate share of common appointments, the introduction of an element of common training and the adoption of RN badges of rank.

The officer corps structure comprises **four platform-related branches, Warfare, Engineering, Supply and the Corps of Royal Marines.** Current instructor officer skills are re-distributed within the new branch structure; in particular, METOC-qualified officers will be within the Warfare branch.

Officers specialise in surface ships, submarines, the Fleet Air Arm and the Royal Marines. Current platform qualifications remain largely unchanged.

**Business area skill requirements are formalised** with the introduction of generalist and specialist skill groups.

The common RN/RM rank structure includes a **substantive one-star rank** with the title Captain/Colonel or Commodore/Brigadier, depending on the appointment held.

**The size of the officer corps is driven by platform requirement.** The key driver is the Lieutenant Commander requirement and the need to match platform appointments with the training pipeline.

A new **Local Service Officer** category provides the opportunity for officers to opt for employment in a particular area without further liability for sea service. They are subject to recall to full regular service at 7 days' notice.

**Structure Management**

A **Billet Review** will be conducted to establish the rank, qualifications and experience pre-requisites for each officer post. Some Lieutenant posts will become Warrant Officer posts with civilians and contractors used in lieu of officers where sea experience is not required.

**Recruiting**

**The number of URNUs is increased and their terms of reference expanded** to provide enhanced support for officer recruiting.

**The support for recruiting is increased** and the focus broadened.

**Entry**

Officers join directly from civilian life or from the lower deck. **Entry from the lower deck is via the Upper Yardman scheme up to age 26 or by promotion from CPO/WO from age 32.**

**Minimum educational standards are increased:**

- Normally two "A" levels and three GCSEs (or equivalents) for direct and Upper Yardman entry.
- Five GCSEs for promotion from CPO/WO.

The following direct entry schemes are available:

- Naval College Entry requiring "A" level qualifications.
- Direct Graduate Entry either ex-university, Bursar scheme or sponsored degree scheme.

Potential officers who pass a screening process attend a **Potential Officers Course** before attending the AIB.

**Commissions**

**The List System is discontinued.** All officers enjoy Terms of Service relating only to their commission with a **common Normal Retirement Age of 55.**

**All officers join on a common Initial commission** and are subsequently selected for further service on a **Career Commission** or a **Specialist Commission**; the Specialist Commission is likely to be restricted to aircrew.

**Career Review Points**

Officers reaching a certain seniority in a rank are considered for further service using **Career Review Points.** Those not offered further employment will receive severance pay. Officers promoted at average seniority will not reach a Career Review Point until selection for One-star.

**Training and Education**

Initial training, generally follows the current pattern **but with some enhancements.** RM YOs attend the Naval College with their RN contemporaries during the first term; elements of training are common. **Aircrew complete Initial Sea Training but not Fleet time.**

In-service first degree education for direct entry officers is replaced by a **sponsored degree scheme at civilian universities,** potential officers completing degree education before they join the Service. Engineering branch Upper Yardmen complete first degree education in-service but at the same universities, alongside their contemporaries, before beginning their Initial Commission. All such officers, together with Bursars, will enjoy increased support from the URNU organisation.

**In-service second degree education is provided to meet Service needs.** It will be undertaken at civilian universities or Service establishments as appropriate.

Professional training generally follows current patterns and timing but the aim is for **all career officers to attend ISC and for all officers with the potential for promotion to Commander to attend RNSC or equivalent.**

**Promotion**

**Promotion is to requirement within branch,** smoothed to eliminate major fluctuations. The requirement is defined by a combination of structure and skill needs, the balance varying with rank; platform skill dominates at the lower ranks and business area skill at the higher ranks.

**Promotion to Lieutenant Commander is by selection.** Officers are considered for promotion after completing a certain time in rank and annually thereafter. **Promotion zones are longer,** to age 52 for promotion to Commander, Captain and One-star, and selection is based on merit to meet Service requirements, maintaining the average age of promotion within given ranges.

**Career  
Management**

**The average length of appointments is increased,** with the emphasis on longer shore appointments at higher ranks.

**The balance of the warfare officer's career is improved** by providing a shore appointment on completion of staff training for those with the potential for promotion to Commander.

**Surface ship warfare training and experience is a pre-requisite for DD/FF command;** this should ideally comprise PWO training and experience.

**Career management incorporates the development of business skills. The identification of business area skill groups will help officers to plan their personal career goals.**

**Appraisal**

**The format of S206 is modified to highlight separately performance, personal development and potential. Officers sign the form on completion of the PAD.**

**Terms of Service**

**A commercial relocation scheme provides increased financial support for officers to move house on change of appointment.**

**The notice for voluntary retirement is 12 months as of right, reducing to 6 months at age 40.**

**A formal Terms of Service document is provided to each officer. The document is provided on entry and is updated as required to reflect changes.**

**Reward**

**Daily rates of pay are replaced with an annual salary system.**

**The incremental pay structure is extended and pay bands arranged to overlap rank boundaries** to ensure that superior performance and value to the organisation can be suitably rewarded.

**Additional pay or a bonus is awarded for educational qualifications on entry,** replacing the award of seniority or accelerated promotion.

**An annuity-based preserved pension scheme is the basis of the terminal benefit package. This includes an immediate pension at age 45 and severance pay for officers released on completion of the Initial Commission or at CRPs.**

## ANNEX A - STUDY DIRECTIVE

**Preamble** There is a clear need for a comprehensive, radical, clean sheet review of how the Officer Corps is structured and managed. Above all, the disciplines of NMS will demand a slimmer structure which, while delivering our military requirements, allows flexible, cost-effective and efficient deployment of manpower. In LTC terms, if the Navy is to afford the necessary front line capabilities to meet the Defence Requirement, the Officer structure must be taut and effective.

**Aim** The Study is to address the structure of the Officer Corps of the Royal Navy and the Royal Marines and make proposals such that the operational and administrative needs of the Service are met with proper regard to efficiency and economy for the period 1995 into the foreseeable future.

**Scope** The Study is to encompass the Naval Chaplaincy Service and the structural, non-professional aspects of Medical, Dental and QARRNS Officers. Account is to be taken of the future of the WRNS, likely officer structure developments in the other Armed Services and tri-Service measures being considered to reduce the cost of manpower.

The Study is to note that Warfare Branch Development (WBD) work is progressing towards a Board implementation submission at the end of Jun 92 and that, in this context, the Navy Board has endorsed, as a long-term aim, evolution towards wider application of the user-maintainer principle. Both the potential constraints on the scope of the Study and wider implications for the Officer Corps imposed by implementation of WBD are to be considered.

The Study must consider the following principal environmental constraints:

- The smaller size of the post-Options Navy and the need to reflect this in an effectively and economically structured Officer Corps.
- The social and economic environment from which the Navy will be recruiting officers, and within which the Navy will be operating. (A paper by SP(N) will be available).
- The impact of new technology and equipment design.

The following principal issues must be addressed:

- The skills that the Navy will need to invest in its manpower to meet the projected requirements.

- Where the dividing lines lie between required Officer and Rating skills and between the effective use of Civilian and Uniformed manpower.
- The relationship with the Ratings structure; a one to one docking is not necessary but there must be compatibility and clear avenues for promotion from the lower deck.
- A promotion system which achieves the correct mix of skill and experience, provides career incentives for the individual, and generates the numbers to meet the projected requirement at each rank.
- When in career progression the necessary skills training can be most cost-effectively staged.
- The size and structure of the Flag List up to 4 Star in relation to the lower levels and the balance within the whole Flag List.
- The relevance of dividing Officers by List, Specialisation and sub-Specialisation with divergent training, career patterns and retirement ages. A simplification of the existing arrangements is a key objective.
- Methods of entry and subsequent career development.
- The relevance of break points, bounties and bonuses.

The Study is to produce a model from which career progression can be readily identified. The model will replace the current rank pyramid model which embraces the overall Officer Corps structure. The proposed structure must:

- Use manpower to maximum effect with minimum demarcation between any resulting Lists and Specialisations.
- Have regulators capable of responding to changes quickly enough to meet the new demands of NMS, while preserving stability within the Corps with rules which must be easily understood and manifestly fair.
- Provide a valid response against DNMP manpower models for stability and sustainability.
- Have full regard to the need for the economic use of manpower as a resource.

Implications of the model for Reserve Forces should be identified.

Whilst it is axiomatic that the Study should produce a career structure which attracts Officers to remain in the Service, it must also take into account wastage. A strategy is required for the Navy to shed Officers it

no longer requires, and to give Officers, who wish to pursue a full second career in civilian life, an identifiable point at which they can leave.

The Study must identify the target date for achieving a steady state for any new structure and propose a transition mechanism which brings benefits forward as quickly as is compatible with avoiding demotivation of, and undue disadvantage to, those already in Service.

A key early task will be to identify the fundamental guiding principles upon which any new structure will be based. These principles and their priority will determine the direction of the follow-on work; this topic is to be reported on early, and agreed by 2SL.

The Study Final Report must include the financial implications of the Officer structure options proposed together with proposals for the form and timing of an appropriate policy evaluation subsequent to the introduction of any change.

**Liaison**

The Study Team may consult:

- External Education Authorities and Professional Bodies.
- All Naval Authorities and MOD Departments.
- Military and Air Secretary's Departments.
- Industry.
- Foreign and Commonwealth Navies as appropriate.
- Other Government Departments.

The Study should take note of developments in allied Navies.

**Sponsor**

2SL is the Sponsor for the Study and is responsible for reporting to 1SL and the Navy Board on progress.

**Timing and Reporting**

The Study will start on 1 April 1992 and the Final Report and Implementation Plan is to be presented by 28 February 1993. The Study Group is to submit an initial report to Second Sea Lord establishing its work programme and the principles upon which any new structure might be based by, at the latest, mid May 1992. Thereafter, monthly reports are to be made to Second Sea Lord including, specifically, a report by mid-Jun 92 highlighting any potential constraint on the scope of the Study and the wider perceived implications for the Officer Corps imposed by the implementation of WBD. He will arrange for the Study Group to brief his Board Colleagues in order to obtain their endorsement of progress at appropriate stages of the work.

**ANNEX B - TEAM MEMBERS**

Vice Admiral Sir Michael Layard KCB, CBE

Mr J V Burke

Captain A W Netherclift OBE, Royal Navy

Captain R C Moore, Royal Navy

Mr B Brader

Commander K Jones, Royal Navy

Commander C P G Abbott, Royal Navy

Major K L de Val, Royal Marines

Lieutenant Commander B Sutton, Royal Navy

Warrant Officer J A Stansfield, BEM

In addition, the following provided direct support to the team during the study period:

Commander P G Hadden, Royal Navy

Warrant Officer D C Greenway

Chief Petty Officer E Edwards, WRNS

Petty Officer E S Rogers, WRNS

Mrs A Thomas

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