



Ministry
of Defence

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Letter to Meg Hillier MP, Chair of the Public Accounts Committee

Dear Chair,

Following the PAC Hearing on the 14 November 2022 which considered the National Audit Office's audit report "Delivery the digital strategy", I made a commitment to write to the Committee to set out progress against the recommendations of the committee.

Please find here an update of progress against each recommendation:

- 1) The department should provide an update that sets out the outcomes of its 'digital exploitation for Defence' work, and how it will embed the cultural and organisational changes needed to ensure the whole Department prioritises digital transformation.**

Digital Exploitation for Defence (DX4D) is accelerating digital transformation across the Ministry of Defence and embedding the relevant cultural and organisational changes. This programme is rooted in a shared vision of pan-Defence digital transformation and is measuring impacts in specific outcome areas of campaign advantage, capability deployment, and business operations.

In the first half of 2023, DX4D has resulted in the rapid creation of Minimum Viable Products (MVPs) to demonstrate the benefits to be gained through application of digital technologies and new ways of working, building momentum for change and wider support across the organisation. This work has been underpinned by accelerating the delivery of key 'enablers' such as digital skills, standards and architecture, portfolio management and improving the fundamental digital delivery model. The MVPs are on target to deliver new products and services by December 2023. These will include new control centres focused on equipment and platform availability, better integration of battlespace technology and digital engineering, as well as improved tools for situational awareness. In parallel DX4D has been delivering

quick win improvements to corporate systems that support Defence's workforce and the veterans' community, for example slashing the time it takes to register a veterans' service claim from days to hours.

In the second half of 2023, DX4D will focus on cultural and systemic levers for effective prioritisation of digital transformation, including moving away from the paradigm of delivering digital technologies with the same financial, commercial and project delivery processes that the department uses to procure conventional military equipment. By doing so, DX4D aims to establish a more agile and dynamic approach to delivering digital products and services that reflects the imperatives and pace needed to achieve advantage in modern warfare.

By maintaining a strong focus on delivery, pan-Defence digital transformation and employing a data-driven approach, DX4D will improve Defence by:

- gaining decision-advantage over adversaries, enabled by data, analytics, and AI;
- transforming equipment availability, interoperability and end to end acquisition speed;
- empowering military and civilian staff with great user experiences, and improved data for faster, better decisions; and
- releasing substantial efficiencies for reinvesting in the frontline.

The Digital function in Defence has already established strong pan defence mechanisms for coherence. To support next phase of strategic delivery a wider set of recommendations are being considered inside the Defence Design work that will make decisions by the end of the year. In conjunction with the Defence Design work, DX4D will change Defence from being an organisation with a digital function to becoming a truly digital organisation, that full exploits the power of digital technologies to deliver its most important strategic objectives.

2) The department should set out how it is performing against its delivery plan, including what metrics it is using to track performance.

The integrated planning process initiated to develop our delivery plan is robust and tracking the core programmes delivering our strategic objectives. Metrics are connected with existing programme and functional governance as part of an integrated planning process against our strategy. Metrics are now being used to track against targets, evaluate performance and make targeted interventions across a range of measures. They will continue to mature as delivery continues and the strategy is updated to reflect changing demands and context.

We are reporting progress against the plan. This includes:

- Data Exploitation – The Digital Foundry established and operating to deliver common user-facing digital services, tools and platform. Closely supported by the Digital Foundry, the Defence Artificial Intelligence Centre (DAIC) is also operational and growing. The DAIC is working with teams across our Front-Line Commands and the wider Department to cohere and operationalise AI use cases, providing collaborative delivery teams, guidance, expertise, tools, AI solutions, leadership, and community. The Defence Artificial Intelligence Centre (DAIC) suite of operating capability has been achieved (100% operating capability).
- Digital Backbone – we have achieved the utilisation of Digital Identity (currently used by fifteen applications, target 50 by 2025) and increasing system capacity of on-premise secret cloud. Our new architecture framework has been delivered.
- Reset of Cyber Defence – Cyber security operations enabling architecture has now been delivered to six sites. We have reduced the time to detect and understand cyber security events. We have increased the consistency and quality level of defensive cyber operations, increasing maturity level to 1.9, with a target of 3.
- Digital delivery –The objective is to reduce spend with Defence Digital 3rd party suppliers over 10 years, embedding category management and to increase Defence Digital's Commercial capability to realise material savings. An increase in user satisfaction levels driven by a new feedback loop, with satisfaction scores increased from 86% to 93% over the last year.
- Talent – Our Digital Learning Portal and pathways for 5 of our core professions are now available to our people. We have established two new, agile talent partnerships with industry – Amazon Web Services (AWS) solutions training and Microsoft with a target of 10 over the next two years.
- Embedding a unified Digital Function - this is now established, driving strategic intent and providing commonality, integration and enhanced end-to-end delivery. We now have a single view of pan-Defence Digital spend, currently estimated at £4.7Bn. We will align the Functional operating model to align with ongoing the Defence Design work in order to accelerate delivery of our strategic intent.

These build on significant progress against outcomes: connecting Defence through a digital backbone; unleashing data through a Digital Foundry; driving transformation and integration through an empowered Digital Function.

The NAO noted the complexity of the portfolio in the June meeting, at which the data-driven delivery plan approach was well received. Following our update to the PAC in June the process will continue to evolve. The departmental and Digital strategy are informing the process, including improvements to clarity and simplicity.

3) The department should set out how it has changed its approach to recruitment and what quantified effect this has had.

Since the last update the department has made good progress to improving our ability to attract the talent we need. The DDaT pay case has been approved by Treasury and we are engaging with the TUs on the plan to implement across the department for critical roles. Within Defence Digital we have implemented numerous changes to our attraction and recruitment process, including the introduction of large scale / bulk recruitment campaigns (from May 23) using improved branding and exploitation of social media channels, alongside a new approach to using reserves more flexibly to save significant time to hire key skills (target c 50 days). We have developed a location strategy to expand into new markets across the UK (hubs) with the aim of accessing new skills and increasing diversity and will be working with UK Strategic Command and Defence Infrastructure Organisation to develop plans to implement these. We have started to explore use of a flexible resourcing model to increase mobility of our internal talent pools and develop our workforce for the future. In addition, we are implementing new routes to market to source skills externally in a more strategic and cost-effective way and have recently signed deals with organisations like With You With Me (and Primis to pilot new channels for sourcing Digital skills from the market.

4a) The department should explain the actions it has taken to improve its performance in delivering major digital programmes.

The Department has taken a number of steps to improve delivery of its major digital programmes including a significant overhaul of its Programme Governance. A recent review by the IPA demonstrated that we are making good progress to improve on our performance and steps taken include:

- Mandated governance at Service Executive (1*) and Service Owner (G6) Level is rolled out with supporting Management Information to improve rigour within the delivery teams.
- We have undertaken a complete overhaul of Portfolio Standards, which have been published in our 'Delivery Hub' and delivery teams' performance is measured against

these standards. An upskilling programme is being delivered to improve performance against these standards.

- The new cross Defence Digital Portfolio Management Board based on escalations and exceptions sits monthly, this is jointly chaired by the 2* Directors responsible for delivery, the 2* Finance Director and 2* Functional Integration. with the Defence Chief Information Officer (CIO) attending quarterly to ensure delivery improvements are being made, and issues and risks are being raised as appropriate.
- Reviews of our Government Major Projects Portfolio (GMPP) have been undertaken and improvement action plans are in place, these are monitored through the monthly PMB.

In addition, all SRO positions are now filled with the appropriate time and experience dedicated to the roles. SROs are empowered to deliver against the standards developed and we have seen improvements across our GMPP delivery programmes.

4b) When the Infrastructure and Projects Authority publishes its Annual Report in 2023, the Department should provide us with the latest delivery confidence ratings for its digital major programmes and explain how and why they have changed.

The latest information relating to Defence projects within the Government Major Projects Portfolio (GMPP) due to be published in the coming days. This response outlines the latest delivery confidence ratings for our major digital programmes, with an explanation of how and why they have changed. It should be noted that some programme information has been withheld from this response for national security reasons. The MOD is content to provide further information on these sensitive aspects in a different manner should the Public Accounts Committee wish to know more.

Overall, IPA report published July 2023 will show that five of the Department's major digital programmes have significant issues ('amber') and one, MODNET Evolve is reported 'red'. This is an overall improvement from the previous report where the department had two 'reds' and four 'ambers'.

The details for the MOD GMPP programmes are as follows:

- Land Equipment Tactical Communication Information Systems (LE TacCIS). LE TacCIS remains rated as Amber. This is an Army led GMPP with significant reliance on Defence Digital to deliver some of its major projects, including:
 - *TRINITY* - will replace the current aging Wide Area System providing high availability connectivity services at the tactical and operational levels of

command for UK deployed Operations. The system shall be able to operate as a single nation or part of a wider coalition, within the Defence Single Information Environment.

- *Dismounted Situational Awareness (DSA)* - for the close combat soldier, replaces paper maps, notebooks, voice radios, GPS & compasses. DSA will provide users with significantly enhanced voice and data services enabling more effective situational awareness at lower tactical levels. This will be achieved by delivering a meshed radio network with chest-mounted tablets providing voice and data communications for dismounted infantry.
- *MORPHEUS* - Component of the Army's future Tactical Communication and Information System (TacCIS) and will enable Evolutionary Capability Delivery (ECD). MORPHEUS will deliver modern tactical communications used in forward HQs, vehicles and on the soldier, optimised for warfighting but of use across the spectrum of operations. Although there continue to be challenges within the MORPHEUS project, these are now being addressed through a programme reset and a revised commercial strategy. Significant progress has been made in the broader programme including the signing of the contract for the delivery of the TRINITY Wide Area Network.

- New Style of Information Technology (Base) (NSOT(B)). NSOIT (B) has gone from red to Amber. The programme has delivered the capability of MODNET (official) and MODNET (secret). This includes the delivery of 180,000 official devices to over 200,000 users and 12,000 secret devices to more than 15,000 users. The NSOT(B) programme is now in the process of being formally closed as the benefits have been delivered and will then be removed from the GMPP.

- MODNET Evolve. MODNET Evolve remains rated as Red. As a result of the strategic hires work, the programme has embedded a full time SRO over the last 18 months and appointed a new Programme Director. They have updated the governance and are exerting greater oversight and control over the programme. Programme workstreams have been redesigned to improve alignment with the required outcomes and dependency management has been strengthened. The future Secret project of the programme is undergoing a reset to strengthen and modernise the approach and to extend the life of existing MODNET secret delivery. These actions are intended to improve the delivery performance of the programme, which will be reviewed by the IPA in late September.'

- Skynet. Skynet remains rated as Amber. However, confidence in the Skynet programme is growing. The first of the next generation Skynet satellites (6A) will be delivered on time and mobilisation of the new mission services partner is proceeding to plan. Moreover, all return to green actions that were identified by the IPA have now been completed, including an exercise to assure a realistic and deliverable schedule for future

satellites. We therefore anticipate that the next IPA assessment of the programme will lead to a reassessment and uplift to the overall delivery RAG assessment.

- New Style of IT (Deployed) (NSOIT(D)). The NSOIT(D) programme remains rated as Amber. Close, collaborative working with the end-user and operational communities has enabled the programme to successfully accelerate acceptance testing of the lightweight node. This has allowed the node to be deployed into service with the Royal Air Force. Delivery of the maritime element of the programme has been improved through collaboration with Defence Equipment & Support on dependencies. Additional targeted risk mitigation activities include the onboarding of additional engineering resource and exploring opportunities for higher degrees of automation within the solution.
- Next Generation Communication Network (NGCN). The NGCN programme remains rated as Amber. Spend control approval was received in April 23 for the Outline Business Case, which has allowed preparation for procurement to commence. An industry day was held in May to strengthen the relationship between MOD and potential suppliers to mitigate against the challenges that have been demonstrated by other similar programmes. The NGCN programme continues to face challenges with the availability of capable resource. However, the Programme Management Organisation (PMO) has been bolstered through the inclusion of an expert managed PMO service. Moreover, vital technical and transition expertise are due to be onboarded in September.

Resourcing remains a consistent challenge across all MOD digital programmes. This difficulty is particularly acute for some of our required specialist digital skills, where the Department must compete with other sectors to recruit from this finite and scarce resource pool into crown servant roles. This means that the digital programmes must continually balance their reliance on private sector support against affordability to bridge the gap between their vacancies and the required skill sets. We have now completed the recruitment of planned strategic hires to fill key vacancies with digital skills in support of the movement to a DDaT organisation. In addition, we also have a plan for large scale crown servant upskilling to deliver the required step change in internal capability.

The forthcoming IPA report will continue to recognise the complexity and inherent some risk within the major digital programmes that Defence is delivering. However, it will also recognise the significant improvements that have been made to how digital programmes are governed. Of note is an improved focus on risk and dependency management, which will be

highlighted as essential to successful delivery, by reducing impact to as low a level as reasonably practicable.

Beyond the GMPP, Defence Digital has continued to demonstrate further improvement in its delivery to meet customer requirements and expectations, with 93% of its significant customer milestones being achieved in FY22/23. This is up from 78% in FY 21 /22 and 57% in FY 20/21.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'P. Lincoln', written in a cursive style.

P. Lincoln

Second Permanent Secretary
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