

# MINISTRY OF DEFENCE

## STRATEGIC ASSET MANAGEMENT PLAN 2017/18

### Executive Summary

#### Business Vision

1. The defence estate is where our people can live, work, train and deploy from effectively. We require our infrastructure to be fit for purpose and optimised to enable and support our Defence objectives and capabilities. Infrastructure needs to be of the right size, in the right location, of the right quality and utilised efficiently. It also needs to be flexible and responsive to changing defence requirements. We are responsible occupiers and our infrastructure supports wider Government objectives, our commitment to be a good neighbour and encourages social cohesion.
2. In the 2015 Strategic Defence and Security Review we set out plans for a stronger Defence with more ships, planes, troops at readiness, better equipment for Special Forces, and greater investment in the cyber environment. Infrastructure commitments included developing and managing departmental infrastructure in the most effective, efficient and sustainable way to meet Defence needs.
3. Our Strategy for Defence Infrastructure published in November 2016 provides a clear vision for the Defence Estate:

***'Infrastructure that is affordable and optimised to enable Defence capabilities, outputs and communities both now and in the future.'***

4. The Strategy for Defence Infrastructure, underpinned by its strategic objectives and key principles, recognises that we need to manage our infrastructure as a strategic asset, in order to support Defence outputs and to be responsive to changing requirements and future trends. The Defence Strategic Asset Management Plan will provide both infrastructure and wider stakeholders with a clear view of the current plan for the whole of the Defence Estate. It will provide a baseline position against which defence planners can assess and plan their own current and future activity and is aimed at strategic planners through to those planning delivery on the ground.

#### The Defence Estate

5. The Defence Estate covers 424,000 hectares; about 1.8 per cent of the UK land mass, making the Department one of single largest holders of estate in the UK. Of the 424,000 hectares, we own approximately 220,000 hectares of land and foreshore and have access rights to a further 204,000 hectares. In addition, we manage a further 200,000 hectares of land overseas.
6. The estate consists of a wide range of facilities including: barracks; airfields; nuclear facilities, naval bases and ports; education and training facilities; training and test ranges; logistics, munitions, oil and fuel depots and pipelines; communication facilities; housing estates; medical centres, career centres and offices. The estate includes over 1600 designated heritage sites as well as a combined total of 171 Sites of Special Scientific Interest and Areas of Special Scientific Interest. As well as

being tenants ourselves, we have a range of agricultural and business tenants across the estate that provide income generation and support.

7. The built estate includes more than 115,000 separate buildings covering about 30 million square metres. In 2015-16 the Department spent £4.8 billion (12%) of its departmental budget on the estate, mainly on maintaining the estate, utilities and accommodation. Of this, £2.7 billion was spent by the Defence Infrastructure Organisation, which manages the majority of the built estate.

### **Drivers for Change**

8. The size of the budget required to sustain such an estate has resulted in systematic under-investment for a number of years, which has led to a significantly degraded condition of infrastructure. That is why the Strategic Defence and Security Review 2015 committed to invest in a better built estate that will reduce in size by 30 per cent by 2040, as set out in the Better Defence Estate announcement in November 2016. This is intended to align with the MOD's target for public sector land release for 55,000 new homes in England during this parliament to support wider prosperity objectives.
9. We continue to improve ways of working, our management and understanding of the condition and performance of our infrastructure and also of those military capabilities that drive our requirements, in order to drive effective behaviours and efficiencies across the estate. This includes embedding clear governance, holding to account mechanisms with clear roles and responsibilities for all infrastructure stakeholders across the Department.

### **Key Cross-Government Initiatives**

10. A key principle of the Strategy for Defence Infrastructure is to support wider Government objectives, where compatible with Defence outputs and needs. An outline of our input into key cross-government initiatives are listed below, with more detail within the main body of the Strategic Assessment Plan:

#### **The Government Construction Strategy.**

11. MOD are fully engaged with the Government Construction Strategy, which sets out a plan to increase productivity in government construction to deliver £1.7Bn of efficiencies, within contributing departments and support 20,000 apprenticeships over the course of this parliament. The strategy sets out ambitions for:
  - smarter procurement
  - fairer payment
  - improving digital skills
  - reducing carbon emissions, and
  - increasing client capability.
12. **The One Public Estate Programme.** MOD are fully engaged with Local Authorities in areas of common interest and have begun pursuing estate change initiatives that are in line with the One Public Estate intent. MOD will continue to work collaboratively with Local Authorities as One Public Estate initiatives come forward.

13. **Government Office Hubs.** MOD, while taking into account specific security needs, will look for further opportunities to contribute as it has within the Main Building Optimisation Programme; Main Building now forms part of the Whitehall Campus, with the New Government Colleague Project identifying and securing commitment from two other Government Departments to lease 1.5 floors of the office space. The Better Defence Estate announcement has identified various disposal sites where the existing capability is intended to be reprovisioned into Government Hubs across the UK.
14. **New Property Model/Government Property Agency.** Given the complexity of the Defence Estate, that reaches across the UK and overseas, it has been agreed that the Defence Estate will remain out of scope for the Government Property Agency.
15. **Land for Housing/Disposals.** Over the last ten years, MOD has delivered disposals which have generated over £3.3bn of land receipts and potential land. To deliver Strategic Defence and Security Review 2015 targets and fund the delivery of the Department's infrastructure programme, the MOD has a further target of disposal receipts in excess of £1.9bn by 2022/23.
16. The MOD have made a number of formal announcements in Parliament setting out the intended list of disposals sites, under the Estate Optimisation Strategy or publically known as "A Better Defence Estate". 91 will be disposed of by 2040, saving £140m in running costs over 10 years, rising to nearly £3bn in total to 2040, to be recycled into Defence. The disposal of sites within the Better Defence Estate will release land for 15,200 potential new homes, adding to the 11,200 from existing MOD disposals. How we plan to meet the full target is detailed within the Strategic Asset Management Plan.

### **Key Transformation Programmes**

17. **[The Army Basing Programme \(ABP\)](#).** The Army Basing Programme is providing the facilities to enable nearly 100 Army units to relocate, reconfigure, disband or re-role and deliver the Government's 2010 Strategic Defence and Security Review commitment to bring all units back from Germany by 2020. The Germany drawdown will produce savings building to £240m per year.
18. **[Army 2020 Refine](#).** The most recent announcement of further Army transformation is 2020 Refine, which sets out how its Force structure will be refined to deliver the capabilities set out in the Strategic Defence and Security Review 2015 and modernise the Army's ability to fight at the divisional level. Large parts of the Army will be unaffected but it will involve some units changing their role, equipment or location; changes have been aligned with the Better Defence Estate.
19. **[Better Defence Estate \(BDE\)](#).** As stated the Better Defence Estate announcement sets out plans to invest in core MOD sites and reduce the built estate by 30 per cent by 2040. An Estate Optimisation directorate has been formed within Defence Infrastructure Organisation to deliver this work in partnership with the MOD Top Level Budget holders. A series of detailed assessments led by each Top Level

Budget holders and supported by Defence Infrastructure Organisation will continue to define the exact move dates and reprovision locations, more precisely.

20. Following the direction outlined in the detailed assessments delivery is now being managed under a programme referred to as Defence Estate Optimisation, with Deputy Chief Defence Staff (Military Capability) appointed as Senior Responsible Owner.
21. **The Future Accommodation Model (FAM)**. The Strategic Defence and Security Review 2015 made a commitment to provide a new accommodation offer, as the current model of directly providing accommodation to Service Personnel is becoming less attractive to Service Personnel, increasingly unaffordable for Defence and less effective at meeting our operational and business needs. Future Accommodation Model aims to allow greater flexibility for the 'modern' family to better reflect changes in society. The implementation of the Future Accommodation Model pilots across selected Defence sites is due to commence at the end of 2018.

### **Infrastructure System Operating Model /Financial Delegation**

22. The Infrastructure System Operating Model will define the Departments approach to estate, infrastructure and asset management including the delegation of infrastructure funding to the Front Line Commands, who will begin to make their own infrastructure investment decisions. Investment planning will continue to be in line with the Strategic Asset Management Plan and decisions will continue to be directed and guided by a coherent and consistent methodology. The Infrastructure System Operating Model will enable the Commands to better address risk and balance investment decisions on their estate, against those for manpower and equipment, where budgets are already delegated.

### **Professional Capability**

23. Defence Infrastructure Organisation provide pan-Defence estate and asset management technical expertise, information, insight, challenge to support strategic asset management, intelligent decision making and understanding infrastructure risks by MOD and the Front Line Commands. This role will become more crucial as the Department moves into a delegated model.
24. Defence Infrastructure Organisation workforce includes a range of professionally qualified staff e.g. Chartered Surveyors, Facilities Managers and Programme and Projects Managers, to enable Defence Infrastructure Organisation to provide an infrastructure subject matter expert role to the Front Line Commands, as the estate customers. The Defence Infrastructure Organisation workforce is a mixture of Military and Civil Servants, with the Front Line Commands also employing infrastructure staff throughout their own organisations. The Department's Head Office provides top level strategic direction, monitors performance and sets policy. Throughout the Department there are members of the Government Property Profession, who regularly engage with training and resources to drive professional capability and performance.

25. No Government department is able to employ full time all of the skills required for bespoke programmes and projects, therefore the MOD will continue to use external consultants and agency staff to provide technical support, as and when required, to ensure the correct professional capability is available. The Strategic Asset Management Plan sets out further the property function and asset management capability within the Department, how it is managed and developed and plans for talent management, recruitment and retention.