

PORTFOLIO PRIORITISATION AND BALANCE OF INVESTMENT SUPPORT FOR 2016/17 REQUIREMENTS FOR DECISION CONFERENCE

1. This Annex sets out the requirements to be placed on the contractor. It takes the HQ Requirement and intent in the second column, and sets out the requirement on the contractor in the third column, so that the contractor can make an assessment of the contribution that they will make to the overall endeavour. Key assumptions and retained responsibilities are included after the table.

Ref	Requirement – Taken from HOS HQ’s instruction (Reference A)	Detail of support required
1	<p>The Bol Process. The Command Bol timeline for 2016/17 will be conducted in four phases. These form the requirement for the HQ, with the requirement for support being shown in the next column.</p> <p>At the highest level, Navy Command, in the form of the Portfolio Office (PfO), MarCap and RP require a Balance of Investment framework, one built on a structured repeatable Multi-Criteria Decision Analysis (MCDA) and Decision Conferencing approach, using skills and best practice tools recommended in the government Management of Portfolios Guidance published by Axelos and Treasury in the Green Book.</p> <p>As part of the embedding process Navy Command looks for the options to involve new structures in the form of the portfolio progress group (known locally as the PMG) presenting them with choices, options courses of action, then on to the Board (‘the NCOB’).</p> <p>The overall objective of the 2016/17 process is to inform the definition of a portfolio to balance costs, capability, outputs and risks within the manpower and financial investment envelopes. This will support ABC18 and subsequent planning rounds and start to prepare for SDSR 20.</p>	<p>Bol Process Framework The Bol framework will provide a repeatable portfolio definition process that underpins Portfolio Management at Navy Command. The framework has to be integrated into the Navy Command Operating Model and bring together the capability, cost, manpower, risk and benefit data and analysis.</p> <p>The contractor is to support the development of the agreed outline process into a defined and documented framework which will include the following:</p> <ul style="list-style-type: none"> a) A model that defines the extent to which the Navy could deliver its primary outputs, allowing Capability Choices and COAs to be described explored and identified. b) MCDA and Decision Conferencing process to prioritise Choices and COAs. c) Integration and adaption of the Capability Audit. d) Choice templates and Bol Multi-Criteria Decision Analysis (MCDA) models to perform the Command Bol analysis, including the capture and impact analysis of benefits, costs, manpower and capability risks <p>Note: There is no requirement to provide BOI modelling software. It is a service that the authority is seeking with the contractor provide any license coverage for the use of proprietary modelling software for the duration of the contract as part of the service.</p>
1a	Setting the Conditions (Phase 0 (on-going)).	

	<p>Capability Audit (completed). This provides a balanced view of the pan-DLOD risks in the funded programme to deliver mandated outputs. The Cap Audit provides the baseline and framework against which the Bol Choices and (COA) will be developed, assessed and prioritised.</p> <p>Bol Studies and Other Activities. Bol 2015/16 and NCOB strategy session identified the need to conduct studies into some key capabilities. These studies will explore cost drivers and strategies, the results of which will be critical to informing the development of Choices and COAs in phase 2. Initial findings will be presented by responsible areas to the PMG in Sep 16</p>	<p>Reading, digesting and incorporating the Capability Audit’s key points and priorities in to the BOI and decision conference thinking and discussion.</p> <p>Command Bol Studies and Activities Bol 2015/16 identified the need to conduct studies in a number of key capabilities. Further work will underpin the Command Bol by understanding and exploring cost drivers, capability risks and opportunities to identify trade-space and Choices. Initial findings will be presented to the PMG in Sept 16.</p> <p>The contractor is to support the study teams to provide a common approach, and review the progress and findings through Aug and Sept to help ensure the studies deliver useful findings for the Command Bol.</p>
<p>1b</p>	<p>Shaping the Plan - (Phase 1 (On-going-Oct)).</p> <p>Strategy. The NCOB met on 14 Jul 16 (reference B) to prioritise NC activities against Defence tasks and agree financial targets in a MarCap-led activity. This was held in the context of Maritime Strategy 2035 (MS35) and Joint Force 25 (JF25) demands. The NCOB explored the extent to which the Navy’s primary outputs are delivered against different threat levels over time. Priorities were defined and risk that could potentially be tolerated identified. MarCap will now develop a 2035 headmark which will provide the foundation of the Bol.</p> <p>Choice Identification Workshops. The Bol team will conduct workshops with individual capability areas in Sep 16 to explore and agree Bol Choices. Investment and disinvestment opportunities derived from an understanding of fixed and variable cost, cost drivers and capability/delivery risks. These workshops will be primed with example Choices prepared by MarCap and RP that are consistent with NCOB direction, ABC17 measures, previous years Bol and initial findings from</p>	<p>The Strategy workshop was completed on 14 Jul 16, with the results written up and presented to MarCap and the Portfolio team by 1 Aug. This activity is now complete.</p> <p>Identify Bol Choices through CPG/CDT/DLOD Workshops</p> <p>A series of workshops need to be conducted with individual capability areas (CPGs, CDTs and enablers) in Sep 16 to explore and agree the Bol Choices.</p> <p>The contractor, working with MarCap, the portfolio team and RP, is to prime these workshops with example Bol Choices that are consistent with the direction from NCOB, ABC17 measures, previous years BOI</p>

	<p>the Bol Studies. Ultimately, Bol Choices will represent the trade space and allow the Command Bol tower model to be finalised.</p> <p>Years 1-3 Alignment Workshop. The initial ABC17 submission will include a series of measures to return the programme to Control Total (CT) over the next 10-years. This submission provides a baseline for the Command Bol, particularly years 3-10. A workshop will be conducted to review the baseline and the Centre-driven savings to align with the Command Bol activity.</p>	<p>and initial findings of the BOI studies.</p> <p>This summarises as facilitation of up to 10 workshops with the individual capability areas to agree the Choices and Tower construct to be adopted. Once agreed, capability areas will be tasked by the authority to develop the Choices.</p> <p>Years 1-3 Alignment Workshop</p> <p>The contractor will support the preparation for, and facilitate of, a Years 1-3 Alignment workshop, resulting in a clear baseline and alignment of the Command Bol process with ABC17.</p>
<p>1c</p>	<p>Develop Choices and COAs (Phase 2 (Sep-Jan)).</p> <p>Development of Choices. Capability areas are responsible for further developing Bol Choices as identified in Phase 1. Evidence will be developed to support the Bol activity by quantifying the impact on Outputs, manning and risks. The pan-DLOD cost impact of the Choices when compared to the current plan will be developed by capability areas, RP, TLB finance and/or the delivery agents.</p> <p>Choice Prioritisation. A series of Decision Conferences will be conducted with the Capability areas and then the PMG to evaluate Choices against a set of agreed assessment criteria. Using the impact on the Capability Audit as supporting evidence. This activity will result in a prioritised list of Choices, which in turn can be used to inform the development of COAs. The number and format of the Decision Conferences will depend on the final construct of the Bol towers and Choices. This will be agreed once the Choices have been identified.</p> <p>COA Development. Following direction from the PMG workshop and in line with direction from the NCOB, MarCap will use the Choices and Bol model to further develop a set of coherent and credible COAs. COAs represent different scenarios (composite options) defining a new 2025 position and</p>	<p>Development of Bol Choices</p> <p>Capability areas will be responsible for developing the Choices; including impacts against outputs, manning and risks. Pan DLOD cost impact of the Choices when compared to the current plan will be provided by Capability areas, TLB and/or delivery agents. Work that will be coordinated by the Bol team.</p> <p>The contractor is to support the capability areas, MarCap, the Portfolio Team and RP in the development of the Choices. This is to include the facilitation of a Choice review with the PMG in Oct and the NCOB in Nov.</p> <p>Bol Choice Prioritisation</p> <p>The contractor is to deliver the prioritisation Decision Conferences including:</p> <ul style="list-style-type: none"> Engaging and aligning stakeholders to their role in the Bol Preparing Command Bol decision support models and analysis Facilitating the Decision conferences and summarising the outputs <p>COA Development</p> <p>Following direction from the PMG workshop and in line with direction from the NCOB, MarCap / PfO will use the Choices and Bol model to further develop a set of coherent and credible COAs. COAs will represent different scenarios (composite options) defining a new 2025</p>

	<p>the transition path to get there within the given manpower and financial investment envelopes. Each COA satisfying NC's output requirements to different levels of risk. NCOB will review the COAs in December, and develop further ahead of the NCOB Decision Conference in Feb.</p>	<p>end-state and the transition path to get there. It is expected that 3-5 COAs will be developed, but this will be decided at the PMG Decision Conference. NCOB will review the COAs in December, and developed further ahead of the NCOB Decision Conference in Feb.</p> <p>The contractor is to support MarCap and the Pfo with the development and analysis of the COAs. Ensuring COAs are understood from a pan-DLOD financial, manpower and capability risk perspectives over time.</p>
<p>1d</p>	<p>COA Selection – (Phase 3 (Jan-Feb)).</p> <p>Command BoI COAs will be considered by NCOB at a Decision Conference in February. The COAs will be evaluated against a number of criteria, and the NCOB will be invited to agree the COA to be used as the basis for drafting the Navy Command Plan 17, and providing direction to ABC18.</p>	<p>COA Selection</p> <p>The contractor will manage the preparation, facilitation and outputs of the Decision Conference. Prior to the Decision Conference NCOB members will be engaged 1-2-1 to discuss and review the COAs.</p>
<p>2</p>	<p>Embedding the BoI process. Throughout the BoI 2016/17 process, NCHQ staff from the Pfo and MarCap will be tutored through the practical steps required for the preparation, operation and management of the Navy Command BoI process. Through working alongside and mentoring Navy staff as part of the BoI Working Group, the external contractor will assist Navy Command in embedding the BoI process mechanics. Through the year more of the responsibility for running the process will be transferred to agreed Navy personnel, thus creating a sustainable solution to support future planning cycles and investment decisions. A Learning from Experience exercise will be undertaken at the end of the BoI exercise to refine the BoI framework and support the development of a plan to 2020 and beyond. The Pfo team and others across Navy Command HQ will have been up-skilled and more confident to undertake subsequent BoI rounds with limited external assistance such as independent facilitation for key decision conferences. Together, these elements will deliver the whole; Balance of Investment and knowledge transfer so that the Command can complete similar work in the future with minimal external support.</p>	<p>Embedding the BoI process.</p> <p>There is no formal requirement for upskilling beyond a Learning From Experience exercise which the contractor, working with the Centre of Excellence staff in the HQ's Portfolio Office, is to undertake at the end of the BoI exercise. This is to include any required updating of the BoI / MCDA framework that will be in place in the command for future years. That said, it is expected that the contractor shall make provision to engage with NCHQ staff delivering key elements of the BOI work, such that the responsibility for delivery can transfer towards NCHQ staff as the year progresses. This has the key dependency on the HQ to provide suitable individuals with longevity on post, and the willingness and capacity to learn.</p> <p>All data collected or used during the BOI exercise is to be copied, in a structured manner, to a central MoD repository (a suitably protected MOSS site in MarCap, most likely), such that any future contractor or partner working on BOI can re-use the data and information.</p> <p>Programme Support</p>

		Throughout the Command Bol programme contractor is to provide project management, task coordination, briefing, stakeholder management, progress updates and ad-hoc support to help ensure the Command Bol process is successful.
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Key Assumptions

1. The authority, in the form of senior figures will at all times provide sponsorship of the outcomes and activities.
2. An underlying assumption is that this is a 'balance' task, with the HQ able to identify sufficient trade-space to support effective Bol.
3. The contractor will not be required to source nor validate any costs or manpower or capability information. Navy Command staff retains full accountability for the provision of data and information fit for the purpose of Bol and the wider COA / MCDA sessions.
4. Formal up skilling and knowledge transfer, beyond the LFE exercise is not required, informal working relationships and a hoc discussions on process, as part of the anticipated learning from osmosis is expected, but no measure of formal 'embedding' is anticipated, unless the contractor chooses to include this.

Confirmation of Navy Command responsibilities

As set out in the assumptions, this means that the authority, in the form of NCHQ staff will:

1. Maintain senior support and sponsorship from Board (NCOB) level for the duration of the task.
2. Support, in the form of engagement and co-authorship, the development of the Bol framework.
3. Contribute senior effort to a structured estimate of the impact of Choices and COAs on Capability Outputs.
4. Own and mature the understanding of the current programme costs, cost drivers and the cost of variations to programmes represented by Choices and COAs.
5. Specify, commission and manage all tasks for DE&S and other delivery agents
6. Understand and estimate the manpower implication of Choices and COAs.
7. Coordinate the programme of work within NC including scheduling and arrangement of meetings.