

ARMED FORCES PERSONNEL ADMINISTRATION
AGENCY

CORPORATE PLAN
2005/06-2009/10

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Armed Forces Personnel Administration Agency Corporate Plan 2005/06 - 2009/10

Contents:

Chief Executive's Foreword	Page 3
Agency Direction:	
Vision	5
Mission	5
Corporate Strategy	
Key Objectives - Agency Transformation	6
- Current Services	7
- Preparation for provision of AFPAA Services post 2009	7
Partnering	7
Values and Behaviours	8
Our Customers	9
Outputs and Deliverables:	
Key Targets	10
Performance Management	11
Managing the Business:	
Corporate Governance	12
Organisation and Resources	13
Structure	14
Agency Contact Points	15

Chief Executive - Foreword *By the Chief Executive, Rear Admiral Trevor Spires.*

I am very pleased to present the AFPAA Corporate Plan for 2005 / 2010. The period covered by this plan will be one of enormous challenge and change for the Agency: the challenge will largely be around the successful implementation of Joint Personnel Administration (JPA) and the change will result from the opportunities for better quality and more cost effective service delivery that JPA will offer. In using the term JPA I refer not just to the core IT package but to the whole new environment to support the administration of military personnel that the programme will deliver. The scope of this is much wider than AFPAA, with other key stakeholders including each of the 3 services, the personnel policy areas and the Departmental finance staffs. AFPAA, however, will be responsible for delivering most of the technical components, including the software applications. Notable amongst these will be a system to deliver the new Armed Forces Pension Scheme (AFPS) that will be introduced in 2005; I single this particular system out because as well as supporting the AFPS it will also be utilised by our sister organisation, the Veterans Agency, to deliver the Armed Forces Compensation Scheme (AFCS) when it is introduced in April 2005.

I firmly believe that AFPAA is extremely well placed to meet the challenges that JPA presents. During the financial year 2004/05 we have successfully achieved a number of critical milestones in preparation for JPA implementation; in chronological order these include:

- Creation of a tri-service pensions delivery organisation in Glasgow. This involved the transfer of RN and RAF pensions knowledge and expertise plus some 260,000 individual pension files from their existing locations in Gloucester and Gosport.
- Endorsement of a comprehensive Investment Appraisal of Agency site locations until 2009.
- Endorsement by the MOD Investment Approvals Board of the JPA Main Gate Business Case.

Photograph of CE

- Completion of negotiations and letting of contract with Electronic Data Systems (Defence) Ltd EDS for JPA implementation. This included agreement on a revised version of the Partnering Principles Document (PPD).
- Agreement on the Agency Operating Model (AOM) which defines the Future MOD and EDS responsibilities, organisation and staff numbers within AFPAA.
- Establishment of the MOD Medal Office (MMO) which saw AFPAA take on medal responsibility for the RM, Army and RAF, in addition to that which it already had for the RN, and create a single medal assessment, engraving and delivery organisation in Gloucester.
- Completion of negotiations and letting of a contract with EDS for support to the new Armed Forces Pension and Compensation schemes.
- Creation of a Joint Casualty and Compassionate Cell (JCCC) in Gloucester to replace the existing single-service organisations.

In addition to all of the above change activity, the Agency has continued to deliver its broad range of existing services to the very high standards defined in our Ministerial Key Targets. This has meant not just delivering more of the same but in many cases actually implementing changes to those services to meet ongoing legislative and business development needs. All Agency Ministerial Key Targets for 2004/05 were achieved.

To have delivered so much within a single year is very much due to the dedication and commitment of those who work within AFPAA and I am greatly indebted to them all, both MOD and EDS, for their efforts and support.

As I described above, 2005/06 will be a pivotal year for AFPAA. Crucially it will see JPA successfully rolled out to the RAF within the extremely demanding time, cost and quality criteria that the programme has been set. Achievement of an uninterrupted switch of service delivery for the RAF from legacy systems to the new JPA environment will demand all of our attention. The Key Targets for the year fully reflect the vital balance of achieving JPA implementation whilst maintaining current outputs. For this year there is a new Key Target which aims to provide our customer areas with assurance that, in focusing on JPA and higher profile services such as pay and pensions, we are still continuing to give sufficient attention to our broad range of other outputs. The establishment of the MOD Medal Office is reflected in a new Key Target, Key Target 8, which demonstrates AFPAA's commitment to reducing the medals backlog.

The year will also see the introduction of much of the internal change that AFPAA itself will require in order to deliver the anticipated benefits, both quality and cost, from JPA. I and the Joint Partnering Management Team are determined that AFPAA will be seen as an excellent service delivery organisation by all who have dealings with it. Critical amongst these will be individual servicemen and women who for the first time will deal direct with the Agency over many of their administration issues. To achieve a change of this magnitude successfully means that at all times we must remember our duty of care to the Agency workforce as they face a period of change, turbulence and, in many cases, uncertainty.

As we move on from 2005/06 into 2006/07 we will not only see the implementation of JPA for the RN and Army but also an increasing focus on the planning for the recompetition of the Agency's outsourcing contract, which is due to be re-let in 2009. This early planning work will be

fundamental in determining AFPAA's role and responsibilities beyond 2009 and its importance is, therefore, reflected in a Key Target for 2005/06.

I believe that this Corporate Plan presents a balanced view of the priorities that face the Agency in the coming year. It will not be easy for us to achieve all of our goals and, in particular, all of the Ministerial Key Targets. However, our commitment to meeting the needs of those who depend on us for the delivery of high quality services is not in doubt and the Agency as a whole is ready to face up to the year ahead.

Vision

The AFPAA vision is;

Excellent Armed Forces personnel administration through outstanding customer service and exemplary partnering

Mission

The AFPAA Mission is:

To support UK Defence Capability through the accurate payment of military personnel and provision of quality personnel administration and information services on a harmonised basis¹.

The AFPAA mission contributes to operational effectiveness through the provision of pay and administration services to Service Personnel. AFPAA delivers and maintains a range of IT systems holding personal records. In addition, the Agency provides direct support to the mobilisation of reservists and the deployment of improved Operational Manpower systems, an important responsibility in the context of mobilisation in support of any operation. Also, AFPAA ensures the provision of quality administration and information services to ex-Service pensioners through the delivery of pension schemes and links with other pension organisations.

Corporate Strategy

The strategy through which we strive to achieve our Vision and Mission is focused on the key areas and objectives derived from the Agency's Framework Document and, crucially, the elements required for a seamless transition to the delivery of JPA. The challenge that faces the Agency is to take the leading part in the development and subsequent delivery of JPA whilst maintaining the delivery of high quality personnel services to the Armed Forces. It is this twin challenge of radical change and continuity of service that will characterise the work of the Agency over the coming years.

¹ Harmonisation is:

- the setting of common policy frameworks;
- the convergence of any or all of the business processes together with the rules and regulations under which they are carried out;
- the data definitions that support the business processes;
- the computer applications they use;
- the associated information technology platforms on which they are carried out;

Key Objectives

AFPAA's Key Objectives are: Agency Transformation for JPA, Current Services and Preparation for Contract Re competition in 2009, all of which have Ministerial Key Targets to measure the Agency outputs.

Agency Transformation:

To create an Agency capable of supporting JPA, AFPAA's structure must be transformed. This will allow the Agency to capitalise fully upon the opportunities presented by the introduction of a commercial off-the shelf (COTS) software package at the core of joint administration. It will also enable AFPAA to assume responsibility for some additional services such as medals, casualty and compassionate and service discipline administration, which have hitherto largely been the responsibility of each of the Services. The transformation will for the first time see AFPAA delivering its services directly to the individual servicemen and women via self-service IT terminals and through calls to Enquiry Centres. It will bring reductions in staffing levels and a move from 4 sites to 3. To manage this change successfully, AFPAA has developed a Transformation Roadmap, which is a key element of Building for the Future and will focus more sharply on the transformation issues. Furthermore, a joint MOD/EDS Agency Transformation Management Team (ATMT) has been established to ensure a seamless and coherent transition. A programme to develop a culture appropriate to the new era has been initiated and MOD/EDS Partnering Principles have been refreshed and agreed.

The JPA project ranks as one of the top five Defence Modernisation projects. The amendment to the AFPAA - EDS Agreement to cover the building and implementation of JPA was placed in October 2004 following a successful risk reduction phase. The target dates for live service of JPA to each of the Services as embedded in Key Target 3 are by end of March 2006 for the RAF; by end of August 2006 for the RN and by end of December 2006 for the Army. AFPAA intends to make every effort to achieve earlier 'stretch' target dates, which are respectively December 2005, May 2006 and October 2006.

During 2005/06 AFPAA will expand and realign its existing Glasgow and Gosport based Enquiry Services to provide the Joint Personnel Administration Centre (JPAC) 'Front Office' point of contact for its customers. Full JPAC functions will be available, as reflected in Key Target 4, for roll out of JPA to the RAF. A programme of testing will take place including a Pilot exercise before JPA IT systems are allowed to "go live".

To support JPA and the introduction of a new Armed Forces Compensation (for injury) and Pension Schemes (CAPS), a new software system for pensions administration is being introduced. The targets for the implementation of this scheme will align with the roll out of the rest of JPA and AFPAA will deliver the technical support to the Veterans Agency for the Compensation element of CAPS.

Delivery of JPA to the planned timescales is crucial to AFPAA's ability to realise its share of the financial efficiencies which will flow from the introduction of JPA. These benefits are reflected in Key Target 7.

Current Services

Notwithstanding the huge effort involved in Agency Transformation, AFPAA remains committed to deliver, to the highest quality possible, personnel and pay services as reflected in Key Targets 1 and 2 and the newly developed Key Target 6. Over the next two years these current services will be delivered on both existing and new JPA systems and from then on exclusively by JPA and its Complementary Systems. These services, to some 275,000 Regular and Reserve Service Personnel and 340,000 pensioners, are vital to the morale of the Armed Forces and to the wellbeing of Service pensioners. In addition to its core responsibility to deliver these Key Targets AFPAA is responsible for:

- Efficient delivery of all current and historic military medals from the new MOD Medal Office (MMO)
- Efficient handling of administration for casualties and compassionate cases by the newly formed Joint Casualty and Compassionate Cell (JCCC)

Preparation for provision of AFPAA Services post 2009

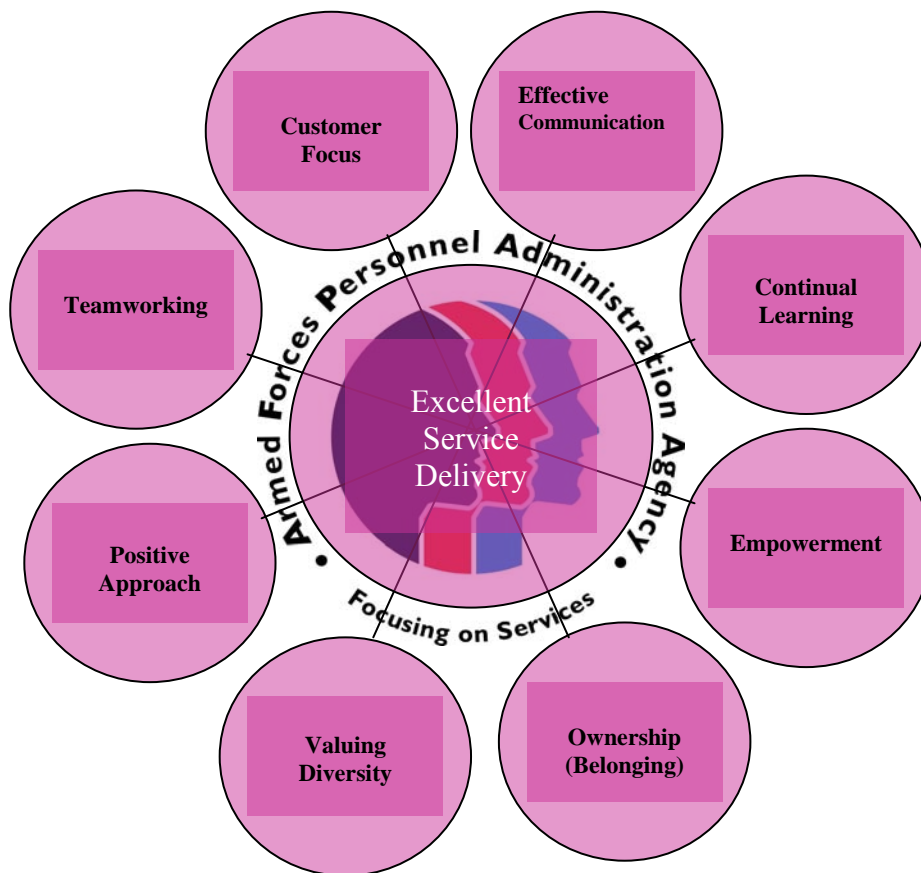
The AFPAA contract between MOD and EDS for the delivery of personnel administration expires in 2009. Contract recompetition provides an opportunity for AFPAA and MOD more generally to consider the concept and scope for future personnel administration. Building on the opportunity offered by JPA and the potential future extent of private sector involvement in service delivery, AFPAA established an embryonic project team in January 2005 to work with MOD policy staff on the strategic business decisions and planning necessary to inform a potentially lengthy and complex commercial competition for the provision of an as yet undefined range of personnel services from 2009 onwards. Early preparation is essential to ensure a seamless continuation of service provision and the long term importance of this strategic work is reflected in a new Key Target 5.

Partnering

AFPAA services are principally delivered through a partnering agreement with EDS underpinned by an agreed set of Partnering Principles. These principles were reviewed to ensure full alignment with JPA and an amended version was signed on 26 October 2004. The Agency's top level MOD/EDS JPMT leads the way in joint working. The Partnering Principles are also visible in the workings of a series of joint groups that drive performance and collaborative working across the full range of AFPAA business. Close relationships are also maintained with Paymaster (1836) Ltd who deliver payment of Armed Forces pay and pensions.

AFPAA Values and Behaviours

The right behaviours within AFPAA will be key to the effective delivery of JPA services. Following a staff survey a comprehensive development programme has been established to promote the values and behaviours required to underpin the future success of the Agency. This has begun with the top management team and senior managers completing a series of workshops exploring modern day leadership concepts, which will help, develop the Agency.. The year ahead will see further training, development and coaching for everyone across the organisation focussing on not only the management of change but crucially the behaviours required to deliver excellent customer services. The diagram below depicts the values. These are underpinned by a set of behaviours to be adopted at all levels of the organisation. This has become known as ‘The AFPAA Way’: it is a key enabler to Agency Transformation and will ensure that AFPAA is ready to operate effectively in the JPA environment.



The AFPAA Values Model

Our Customers

AFPAA's customers include individual service personnel, Personnel Management Authorities, MOD Finance Staffs, Defence Agencies and a variety of central MOD policy makers and resource planners. In view of the introduction of JPA and with it the direct contact with Service personnel, it is necessary to develop the Agency's approach and behaviour towards its "customers". Mechanisms for obtaining feedback on the level of service to individuals will be essential to monitor fully the standard of AFPAA's performance and are currently being devised.

Serving or Former Service Personnel and Dependants:

These are the end customers of AFPAA's pay, pension and administration services and the quality of these services are measured against Key Targets 1, 2 and 6. This aspect of service delivery can significantly impact the morale and effectiveness of individual service personnel, their dependants and their units; it will therefore remain in sharp focus during the transition to JPA. The table below shows the volumes of payments made and records maintained each month:

Activity	Volume²
Pay and pay related allowances Regular and Reserve Service Personnel	275,000 (per month)
Pensions - In payment (By Paymaster (1836) Ltd) ³	340,000 (per month)
Total number of active, deferred and preserved pensions records maintained	830,000

The Personnel Management Authorities

Timely provision of accurate data is essential to enable effective manning and career management by each of the Service Personnel Management Authorities. The importance of this is reflected in Key Target 6.

MOD Planners and Policy Makers

The MOD and single Service policy making and planning branches and other Defence Agencies require information and advice from AFPAA to support the development and implementation of new policies, to inform the MOD's resource allocation process and to support Ministers in their discharge of parliamentary business. The value of the funds disbursed on behalf of the Department by AFPAA, through its pay and pensions service delivery, means that the Agency also plays a key role in informing MODs financial reporting processes. In addition to the direct delivery of services to the Armed Forces, AFPAA must also continue to discharge its responsibilities as part of a Department of State.

² Volume rounded to nearest 5,000

³ This includes approx 1100 new awards per month.

KEY TARGETS – The following are the targets for 2005-06 and an indicator of possible targets beyond this. The KT's below take into account the significant progress in the development of JPA. However, the Agency does not expect to dilute the levels of service delivery for pay, pensions and allowances during Agency Transformation.					
	2005-06	2006-07	2007-08	2008-09	2009-10
Key Target 1 – To deliver Pay					
To make 99.9% of all payments by the due date.	99.9%	TBD	TBD		
To keep the monthly error rate of accuracy for the volume of payments within 0.1%	0.1%	TBD	TBD		
Key Target 2 – To deliver Pension Services					
To make 99% of all payments (including new awards) by the due date.	99%	TBD	TBD		
To keep the monthly error rate of accuracy for the volume of payments within 0.1%.	0.1%	TBD	TBD		
Key Target 3 – To support the delivery of JPA Programme					
Achieve live service to the RAF by end of Mar 06.	Mar 06	RN Aug 06			
Live service to the RN and Army are to follow by end Aug 06 and by end Dec 06 respectively.		Army Dec 06			
Decommissioning of legacy systems complete			Oct 07		
Key Target 4 – To Transform the Agency to deliver JPA services					
Implement the necessary internal processes and organisational changes to deliver JPA services to the RAF in a manner that accords with the JPA vision ⁴ .	Achieve 100% key milestones in the AFPAA Transformation Plan				
Implement internal processes and organisational changes to deliver JPA services to RN and Army		TBD			
Complete organisational changes to deliver JPAC steady state as depicted in Agency Operating Model			TBD		
Key Target 5 – Preparation for delivery of AFPAA services post 2009					
Develop the AFPAA contribution to the project team, establish and meet 100% of 2005/06 milestones.	Identify milestones by 31 Jul 05	Achieve Investment Approval Review (Initial Gate) endorsement	Finalise detailed requirement for up to 3 shortlisted providers	Achieve MOD Investment Approval Review (Main Gate) endorsement	
Key Target 6 – To confirm that the broad range of AFPAA's outputs are delivered to the agreed Service Levels					
To achieve 90% in 2005/06 of service levels selected by the customer	90%	TBD ⁵			
Key Target 7 – To meet approved efficiency targets for the delivery of core services					
To reduce the unit cost by 2% in 2005/06, which will contribute to and complete a 12% reduction over a 4 year period from 2002/03 for delivery of core pay and personnel administration.	Cumulative 12% (in year 2%)				
Key Target 8 - To deliver an efficient and effective MOD medal service					
To reduce the MOD medal office assessment backlog from 45,000 as at 1 Apr 05 to 21,000 by 31 Mar 06	31 Mar 06				

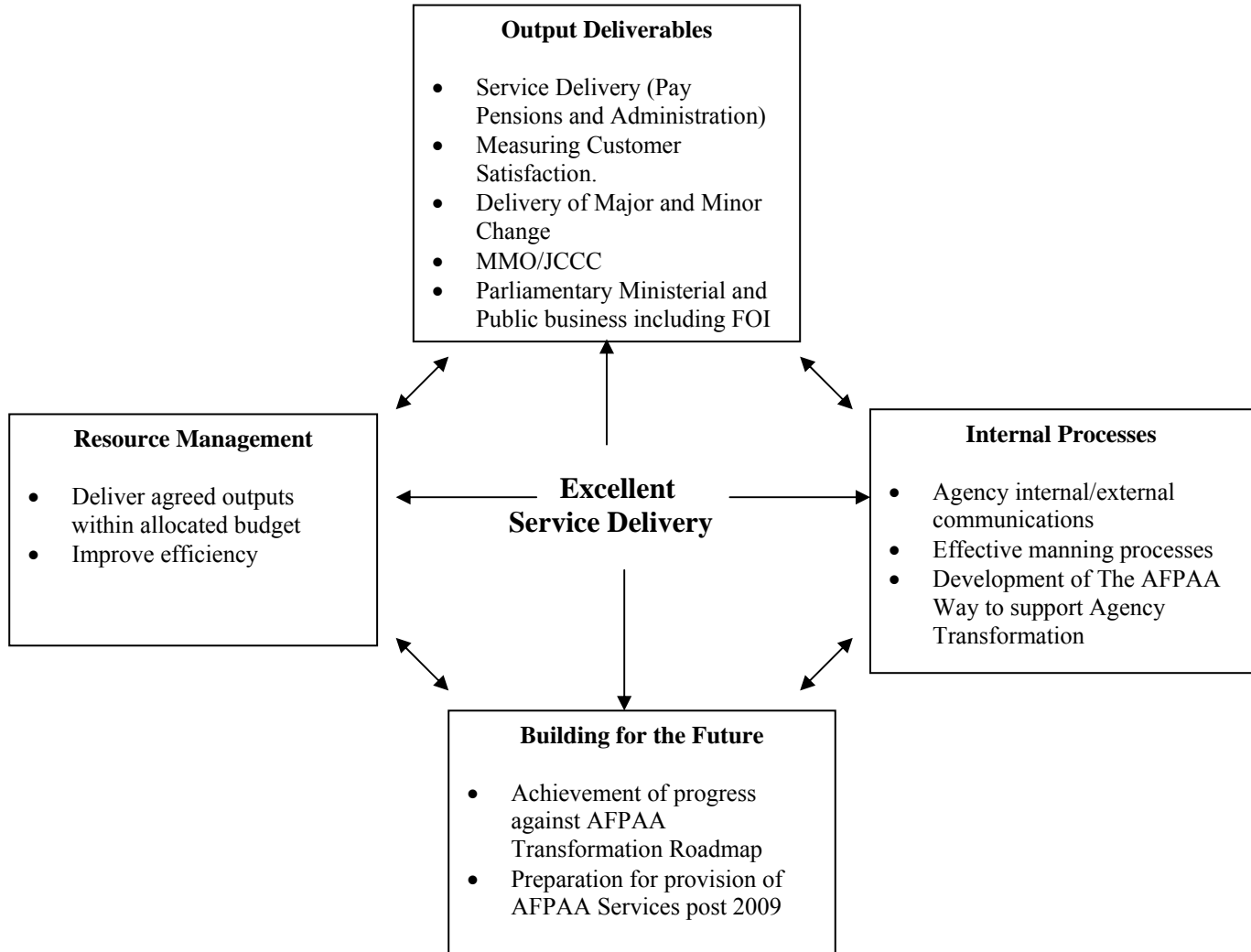
⁴ The JPA vision is defined as 'The use of modern information systems to drive towards greater harmonisation and simplification where appropriate'

⁵ The implementation of this new KT and target for 05/06 has been developed in full consultation with the customer and performance in this first year will help determine targets for the future

Performance Management

The Agency management team uses a monthly Balanced Scorecard (BSC) to manage outputs and resources to meet its targets. Performance is also reported monthly to the Owner DCDS(Pers). Additionally the Agency has developed a robust risk management structure and business level risks are reviewed monthly by the JPMT alongside the BSC. Risk management is further supported by the Agency's Audit Committee under the chairmanship of one of its two NEDs.

AFPAA BSC



The diagram above illustrates the main themes that feature in the AFPAA BSC.

Corporate Governance

The Agency's Corporate Governance strategy is underpinned by two essential elements: an Audit Committee that provides independent advice to the Chief Executive, the JPMT and the AFPAA Executive Board (AEB); and a robust risk management process that is embedded throughout the Agency's management structure.

Audit Committee membership is limited to the Agency's two Non Executive Directors (NEDs) and DCE/Agency Secretary with both the National Audit Office and Defence Internal Audit invited to observe. The Committee meets a least four times a year and looks critically at all areas of the Agency's business to ensure that adequate controls have been identified to manage and mitigate risks to the business outputs. The Committee also directs the forward audit programme of the internal Assurance Team. The NEDs are now firmly established within the Agency having been in post since June 2003. Both NEDs are part of the JPMT, one also serves on the AEB and the other on the Agency Owner's Advisory Board.

Risk management is embedded throughout the Agency. The highest level risks, with the potential to impact across the Agency, are reviewed monthly by the JPMT who consider probability and the impact on time, cost and performance against the Agency's objectives and key targets. Particular attention is also paid to the controls that are put in place to mitigate the risks. The risk management process is also reviewed regularly by the JPMT. The principal corporate risks and mitigation activity are set out below.

AFPAA Top Two Risks and Mitigating Actions as at April 2005

<i>Risk</i>	<i>Mitigation Activities include:</i>
Inability to retain the right skills and numbers of personnel to ensure that the JPA programme and Agency Transformation succeeds.	<ul style="list-style-type: none"> • Training and development, and recruitment and retention strategies • Detailed manpower plans • A joint Human Resource Strategy and Plan • Development of 'The AFPAA Way'
The Agency's key outputs are the implementation of JPA and current services and there is a risk that pressures on one will cause the other to fail.	<ul style="list-style-type: none"> • A freeze on all but unavoidable change to create stability • Regular monitoring of resource requirements across the Agency • Changes to the Agency's structure to reflect the implementation of JPA • Prioritisation of resources to respond to emerging difficulties

Organisation and Resources

Management

- **The Agency's Owner - DCDS(Pers)**

Responsible to Ministers for the strategic direction of AFPAA and acts on the behalf of the Secretary of State in approving AFPAA's Corporate and Business Plans.

- **The OAB**

Advises the Owner. Membership comprises of the Chiefs of Staff to the 3 Services PPOs, the Director General of Service Personnel Policy and a NED, with the AFPAA CE in attendance. The AFPAA and Veterans Agency OABs are, in practice, run as a single meeting in recognition of the degree of overlap between the outputs of the two Agencies.

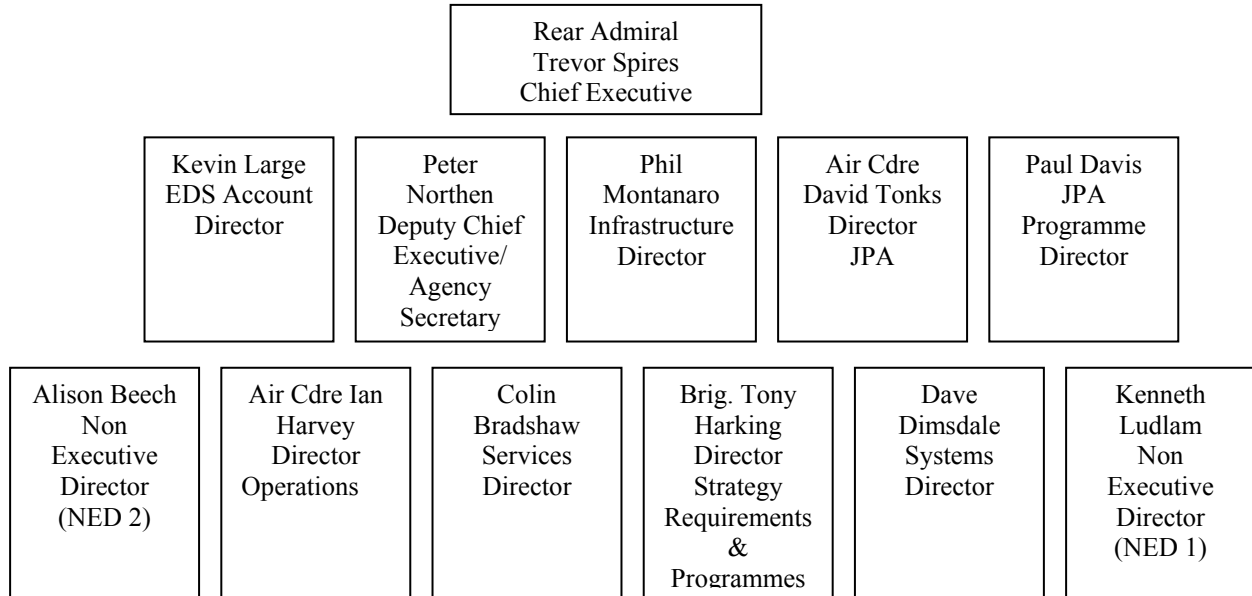
- **The CAG**

Advises CE AFPAA on the prioritisation of current services and the quality of service delivered, contributing to the determination of service levels and methods for reviewing customer satisfaction. Membership comprises of senior representatives of AFPAA customers.

Agency Structure

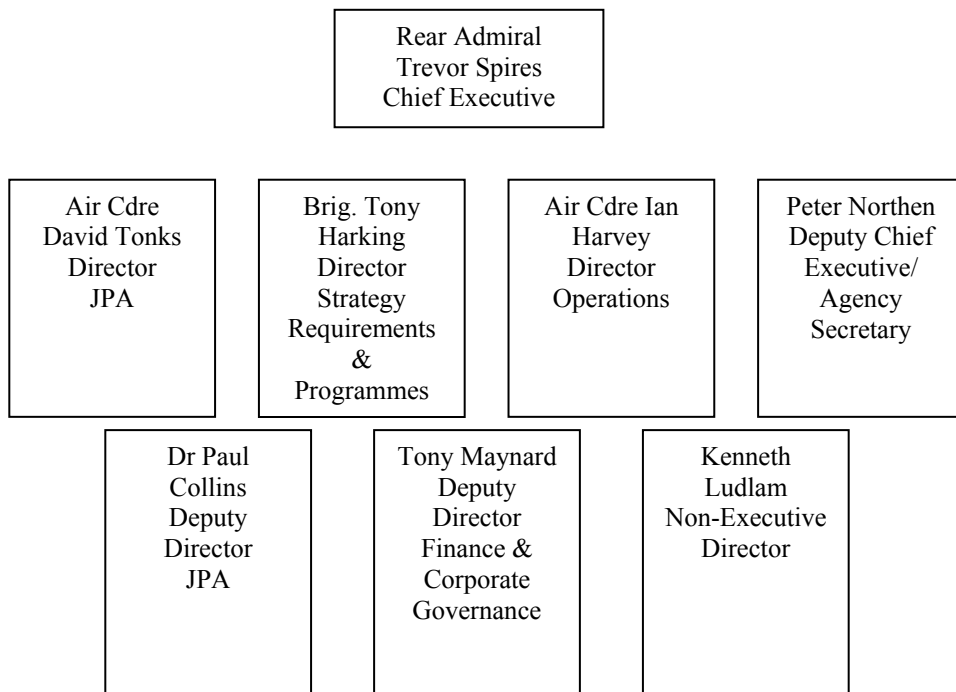
AFPAA Joint Partnering Management Team (JPMT)

Responsible for joint MOD/EDS strategic and day to day management of the Agency, its performance, risks and partnering relationships.

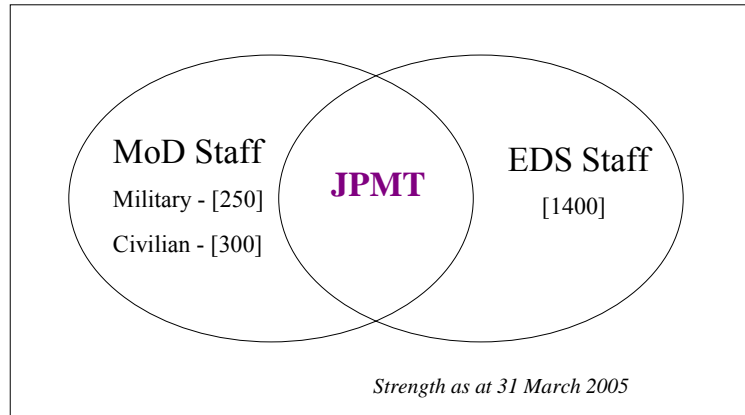


AFPAA Executive Board (AEB)

Responsible for the strategic direction and governance of the MOD components of the Agency. It complements the role of the JPMT, which is the forum for strategic business requiring joint consultation or agreement across the partnering arrangement.



AFPAA consists of MOD and EDS staff as depicted in the diagram below operating in a functional structure of 4 MOD and 4 EDS Directorates, each which has personnel based across the four AFPAA sites. Over the next few years the Agency will consolidate its operations onto three of the existing sites as it reconfigures itself to deliver JPA Services. The Agency will therefore vacate Worthy Down site during 2007.



Resources

The Agency's operating costs including the delivery of JPA are **estimated** based on Short Term Plan (STP)05 Phase 1 figures and not the final allocation:

£m	2005/06	2006/07	2007/08	2008/09
	125.8	114.5	102.2	80.2

NOTE:

These figures are taken from STP05 Phase 1 plan and are not the final STP05 figures, which are not available until approx Apr 05.

Agency Contact Points:

AFPAA Central Office
 Agency Briefing Coordination Cell
 RAF Innsworth
 Gloucester
 GL3 1HW
 Tel: 01452 712612 Exts 6107/6723/6136
 VPN Tel: 95471 6107/6723/6136

Glossary of Terms

AEB	AFPAA Executive Board
AFCS	Armed Forces Compensation Scheme
AFPAA	Armed Forces Personnel Administration Agency
AFPS	Armed Forces Pension Scheme
AOM	Agency Operating Model
ATDG	Agency Transformation Delivery Group
ATMT	Agency transformation Management Team
BSC	Balanced Scorecard
CAG	Customer Advisory Group
CAPS	Compensation and Pension Scheme
CCSG	Change Control Steering Group
CDEL	Capital Departmental Expenditure Limit
COTS	Commercial Off The Shelf
CSFs	Critical Success Factors
DIA	Defence Internal Audit
DII	Defence Information Infrastructure
EDS	Electronic Data Systems (Defence) Ltd
EDRMS	Electronic Data Records Management System
FOI	Freedom of Information
HRMS	Human Resources Management System
IAB	Investment Appraisals Board
ITN	Invitation to Negotiate
JCCC	Joint Casualty and Compassionate Cell
JPA	Joint Personnel Administration
JPAC	Joint Personnel Administration Centre
JPMT	Joint Partnering Management Team
JRSG	Joint Requirements Steering Group
KT	Key Targets
MOD	Ministry of Defence
MMO	MOD Medal Office
NAO	National Audit Office
NED	Non Executive Director

OAB	Owners Advisory Board
PPD	Partnering Principles Document
PPOs	Principle Personnel Officers
RDEL	Resource Departmental Expenditure Limit
SDMP	Service Delivery Monitoring Programme
SDSG	Service Delivery Steering Group
STP	Short Term Plan