

This factsheet explains the MOD's decision making processes, and provides a quick reference guide for those wishing to review the detailed supporting documents that support the decision process.

Introduction

The MOD has an established process of choosing between options for all major projects, which is subject to formal internal scrutiny within the department. The purpose of this process is to deliver rational solutions, based on evidence, which deliver value for money for the taxpayer while meeting the needs of defence. The MOD must also ensure that evidence is provided for the National Audit Office (NAO), Parliament or HM Treasury to scrutinise, and be satisfied, as to how and why decisions have been made.

Value for money does not mean selecting the cheapest solution. Solutions must be effective as well as affordable and the decision making process is designed to balance cost and benefit, and present logical arguments for the best way forward.

MOD option assessment process

The cost and complexity of defence projects can be considerable and the processes the MOD has developed to manage them can appear equally complex to the uninitiated. However, in essence, the options assessment process comprises the following steps:

- The project objectives and constraints are clearly defined in the 'User Requirements Document' (URD).
- The options are narrowed down from a long-list to a short-list of feasible alternatives on the basis of the best available evidence.
- Detailed analysis is carried out to understand the benefits and disadvantages of the short-listed options, with findings summarised in the Benefits Report.
- The ability of the options to meet the objectives of the project are analysed and summarised in an Operational Effectiveness (OE) report.
- Costs through the entire lifetime of the project are identified and compared in an Investment Appraisal (IA).

- Factors which cannot easily be quantified in terms of effectiveness or cost are considered in an Other Contributory Factors (OCF) report.
- Conclusions are drawn from all three analyses and brought together in an Operational Analysis Supporting Paper (OASP).
- Recommendations for the option which offers the best balance between cost and effectiveness are presented as a Business Case (BC) for approval by the MOD.

In the case of the Submarine Dismantling Project (SDP), a public consultation is being conducted on proposals (rather than recommendations) based on an interim version of the OASP. The entire option assessment process will then be reviewed in the light of public consultation responses before recommendations are formed and the BC submitted for approval. In this way the views and concerns of the public will be assessed before any decisions are made. The hierarchy of documents (described above) that support the OASP and proposals for consultation is shown in Figure 1.

For SDP, an assessment of OCF needs to be informed by feedback from stakeholder engagement and public consultation and so this will be completed after consultation in order to inform the development of recommendations in the BC.

A more detailed description of the MOD's decision making process and how it has been applied to SDP is contained in the document 'SDP - Our Approach to Decision Making'. This, and all the other reports mentioned in this factsheet, are available on the SDP website as part of this consultation.

For a more detailed description of the MOD's decision making process, see the document 'SDP - Our Approach to Decision Making' available on the SDP website.

Strategic Environmental Assessment

For SDP, we have also undertaken a Strategic Environmental Assessment (SEA), to identify any potentially significant environmental, health, social and economic effects resulting from SDP. Its results have informed the OE, IA and OCF and underpin all the above analyses. A Non-Technical Summary has been prepared, summarising the process and results, and is available together with the full SEA report on the SDP Website.



Next Steps

The current phase of the project (known as the 'Assessment Phase') concludes in a Main Gate Business Case (MGBC), which represents the point at which a project must be mature enough to select options and commit significant funding. The SDP MGBC will make recommendations, taking into account the response to this consultation on: how the radioactive waste should be removed from the submarine; where that activity should take place; and at which type of site the waste should be stored.

Once the MGBC is approved by MOD, funding will be released to allow the project to enter its Demonstration Phase. This involves demonstrating and optimising the industrial, regulatory and commercial processes by completely dismantling at least one submarine. Further work would also be required to select the specific site(s) for storage of radioactive waste. Before starting any dismantling work the MOD would need to obtain the necessary site-specific planning and regulatory approvals. These could only be obtained if an agreed solution for interim storage was in place.

Once the solutions have been adequately demonstrated, approval will be sought via a second MGBC for the release of funds to dismantle the remaining submarines.

Scrutiny and Oversight

The option assessment process is subject to detailed, formal scrutiny from within the MOD, including:

- Defence Analytical Services & Advice (DASA), which provides financial oversight to ensure that cost estimates are reasonable and based on firm foundations.
- Directorate Scrutiny, which provides oversight on the analysis of effectiveness, Other Contributory Factors and cost-benefit analysis. It ensures that the processes used are thorough, based on evidence and take proper account of uncertainties.

In addition, a national SDP Advisory Group (AG) was set up in 2007 to offer independent constructive challenge and advice to the project team. It comprises a cross-section of individuals from industry, professional bodies, specialist professions, academic institutions and Non-Governmental Organisations. A number of AG members have acted as independent observers of the assessment process and an AG Observers' Report detailing their observations is available on the project website.

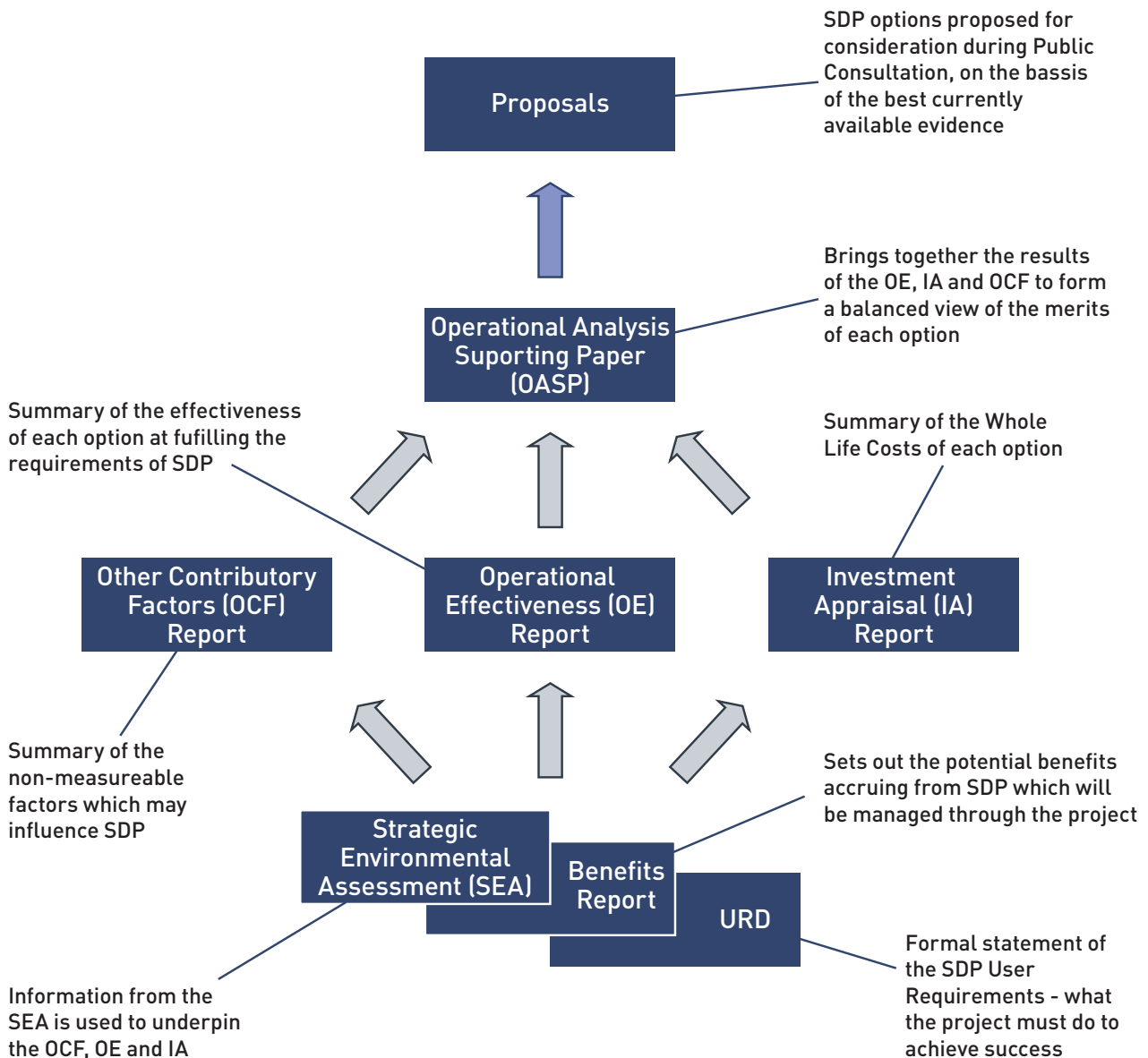


Figure 1 - Hierarchy of decision making process documents