10 April 2014

Organisation of the management of the Danish defence and addition to Defence Agreement 2013-2017

A reorganisation of the senior management will contribute to the further efficiency improvement of the Danish defence according to the political Defence Agreement 2013-2017.

At the same time, this will provide an opportunity for simplifying the current organisation and reducing the number of levels and authorities within the Danish defence.

An organisational change will also provide an opportunity for adjusting the organisation of the management of the Danish defence to meet future requirements in relation to a co-ordinated and efficient use of resources and handling of tasks.

In connection with the amendment of the Danish Defence Act, the government indicated its willingness to discuss a specific proposal for an organisational change of the management of the Danish defence with the parties of the 'Folketing' (Danish parliament), as the current defence agreement states that the area of the joint forces within the Danish defence is to be strengthened.

In relation to the authority contained within the Danish Defence Act, stating that the minister of defence may administratively determine the more detailed organisation of the management of the Danish defence, the parties to the agreement note that it is the government's responsibility to determine the more detailed organisation and limitation of the department of the Ministry of Defence. Also, the parties to the agreement note that the overall structural organisation of the Danish defence is bound by conditions stipulated in the agreement.

On the basis of this, and after discussions between the government (the Social Democrats and the Social-Liberal Party), the Liberal Party ('Venstre'), The Socialist People's Party, the Danish People's Party, the Liberal Alliance and the Conservatives, in addition to the political Defence Agreement 2013-2017, the following has been agreed on:

There is a consensus to change the organisation of the management of the Danish defence in order to significantly simplify the structure, and to achieve a further efficiency improvement.

The operational parts of Defence Command Denmark will be merged with the three operational commands into a new joint services military command (The Joint Defence Command) under the

management of the chief of defence. The chief of defence remains the senior military advisor to the minister of defence.

The chief of defence will be placed together with part of his staff (expected up to abt. 125 full-time employees) at the department of the Ministry of Defence. The majority of the remaining part of the Joint Defence Command will be placed in Karup.

The Joint Defence Command is to be organised in such a manner that the joint services area will be strengthened without weakening the professional environments and identities of the special services.

The Arctic Command and the Special Operations Command will enter as authorities into the Joint Defence Command, referring directly to the chief of defence, but with the necessary independent profile and structure defined by the nature of the assignments and the geographical locations of the commands. This is done with a view to the chief of defence ensuring an increased focus on the Arctic and the special operations forces with regard to planning and force production, thus also ensuring the necessary support. In accordance with the political Defence Agreement 2013-2017, the parties to the agreement find it of vital importance that these areas should be prioritized. The Arctic Command will remain in Nuuk. The Special Operations Command will be placed in Aalborg.

Overall planning, resource allocation, and fiscal management will be integrated and joined at the department of the Ministry of Defence. Personnel strategy will also be placed at the department.

The chief of defence will be in charge of the military consultancy, which will form the basis of the overall planning and resource management, including of the support services. The chief of defence will thus be able to influence decisions regarding investments in and maintenance of equipment. The chief of defence will be in charge of the maintenance of the equipment of the defence, cf. below. The chief of defence will be responsible for the budget pertaining to the operational area.

In connection with the establishment of the Joint Defence Command as a new independent authority, which in part will be placed together with the department of the Ministry of Defence, the 'Folketing' and the public are ensured the same access to the military recommendations and assessments of the chief of defence, as has been the case so far.

The role and responsibility of the chief of defence with regard to the equipment area and in relation to fiscal management, etc., are described in more detail in appendix 1 and 2, respectively.

Appendix 3 shows the new overall structure for the organisation of the Ministry of Defence.

Appendix 4 is a tentative rendition of the Joint Defence Command, as the chief of defence will determine its organisation in more detail within the framework of this agreement.

An annual yield of DKK 170 million is to be achieved by the full implementation of the reorganised management of the Danish defence, which will contribute to securing the fiscal aspect of the political Defence Agreement 2013-2017.

The Defence Health Service will be assigned to the Joint Defence Command and will be moved from Skalstrup to Aarhus. The Aviation Medical Clinic is expected to be moved to Skrydstrup. Skalstrup will be sold.

The maritime surveillance centres will be joined in Frederikshavn.

The parties to the agreement concur that the number of defence workplaces in Bornholm should be maintained despite the closing of the Maritime Surveillance Centre in Bornholm. The defence is tasked with drafting a model for this. The model will be presented to the parties to the agreement in the middle of 2014, at the latest.

The military units, staffs, and schools, incl. the Defence Academy, of the defence are to be assigned to the Joint Defence Command.

The equipment area will be reorganised with a view to strengthening the strategic control, and supporting the operational and military responsibility of the chief of defence.

The Danish Defence Acquisition and Logistics Organization (DALO) will thus become an independent agency under the Ministry of Defence (the Ministry of Defence Equipment and Procurement Agency).

With the general purpose of strengthening the overall management of the equipment area and ensuring a strong supervision with this new agency, the department will be allocated further resources.

In this connection, the department will also handle the overall management of the project organisations being set up in connection with major and/or strategic defence equipment

projects/procurements, cf. appendix 5, with a view to in this manner establish the best possible foundation for the inclusion of the relevant parties to the agreement.

The management of Danish Defence Supply will be moved from Ballerup to Aarhus. A timetable for this will be presented to the parties to the agreement in the middle of 2014.

The Danish Maintenance Agencies, which at present form part of the Danish Defence Acquisition and Logistics Organization, will be merged with the maintenance structure of the services in a new maintenance organisation under the Joint Defence Command. The management of the new maintenance organisation will be placed in Aarhus.

An analysis will be carried out of the implementation of the merger. The ongoing work on further optimization and efficiency improvements of the overall maintenance area will be continued. It will be the guiding force behind the proposal for a more detailed organisation which is to result from the analysis. The analysis will be presented to the parties to the agreement in the middle of 2014, at the latest.

The other functional services will be joined and thus reduced in number, as stipulated in the political Defence Agreement 2013-2017. In the future, they will be independent agencies under the department of the Ministry of Defence.

This entails the merger of the Danish Defence Informatics Service and the future Equipment and Procurement Agency under the department of the Ministry of Defence.

The Danish Defence Personnel Service, the Danish Defence Centre for Working Environment, and the Veteran Centre will be joined with the Ministry of Defence Personnel Agency, though the Veteran Centre will remain in Ringsted.

With respect to the development of the task performance of the Danish Defence Building and Establishment Service relating to the operation of establishments, the largest possible part of the management will be joined in Hjørring.

The parties to the agreement note that it is a prerequisite for this that a further annual yield of DKK 30 million can be obtained by making driving schools, the Navy's technical courses, and guard services subject to competition. In addition to this, the marine environment surveillance will also be made subject to competition. The parties to the agreement agree to set up an objective for a further annual yield of DKK 46 million by the complete phase-in of the following areas being made subject to competition:

- The workshop area, as the realization of assets should form part of the considerations

- The informatics area, as the sale of this enterprise should be considered, too
- Further parts of the building and establishment area
- Certain tasks within the personnel area
- Certain tasks within the accounting area.

The Home Guard Command will be placed in Vordingborg.

DKK 25 million is allocated annually with the purpose of strengthening the effort with regard to the veterans.

Furthermore, the parties to the agreement concur to accede to the plan drafted by the Danish defence for covering the identified remaining requirement for financing in connection with the implementation of the agreement. See appendix 6.

The expected effects on the number of senior military positions within the management of the Danish defence can be seen in appendix 7.

An analysis concerning the Danish Defence Judge Advocate Corps is being conducted. See appendix 8.

Appendix 1

The role and responsibilities of the chief of defence in relation to equipment planning

The chief of defence is responsible for and approves the so-called priority directive in the equipment area, prioritizing replacement procurement and procurement of new capacities. The directive is drafted on the basis of the political defence agreements and – for subsequent years – the development activities of the defence.

The chief of defence also approves the more detailed planning of procurement and operation of equipment on the basis of the priority directive.

The chief of defence is responsible for the military requirements for new equipment and, therefore, influences decisions concerning equipment procurement.

The chief of defence is responsible for the performance of equipment maintenance in the Danish defence.

Appendix 2

The role and responsibilities of the chief of defence in relation to financial management, etc.

The chief of defence is responsible for the budget for the Joint Defence Command with assigned authorities, units, staffs, schools, etc. (including production and troop deployment).

The staff support of the joint services and the special services, needed to formulate military advice, must be available to the chief of defence. This advice will be the basis of the overall planning and fiscal management, including the support production, among other things. In addition to this is the staff support in the fiscal area, necessary to the handling of the budget responsibility.

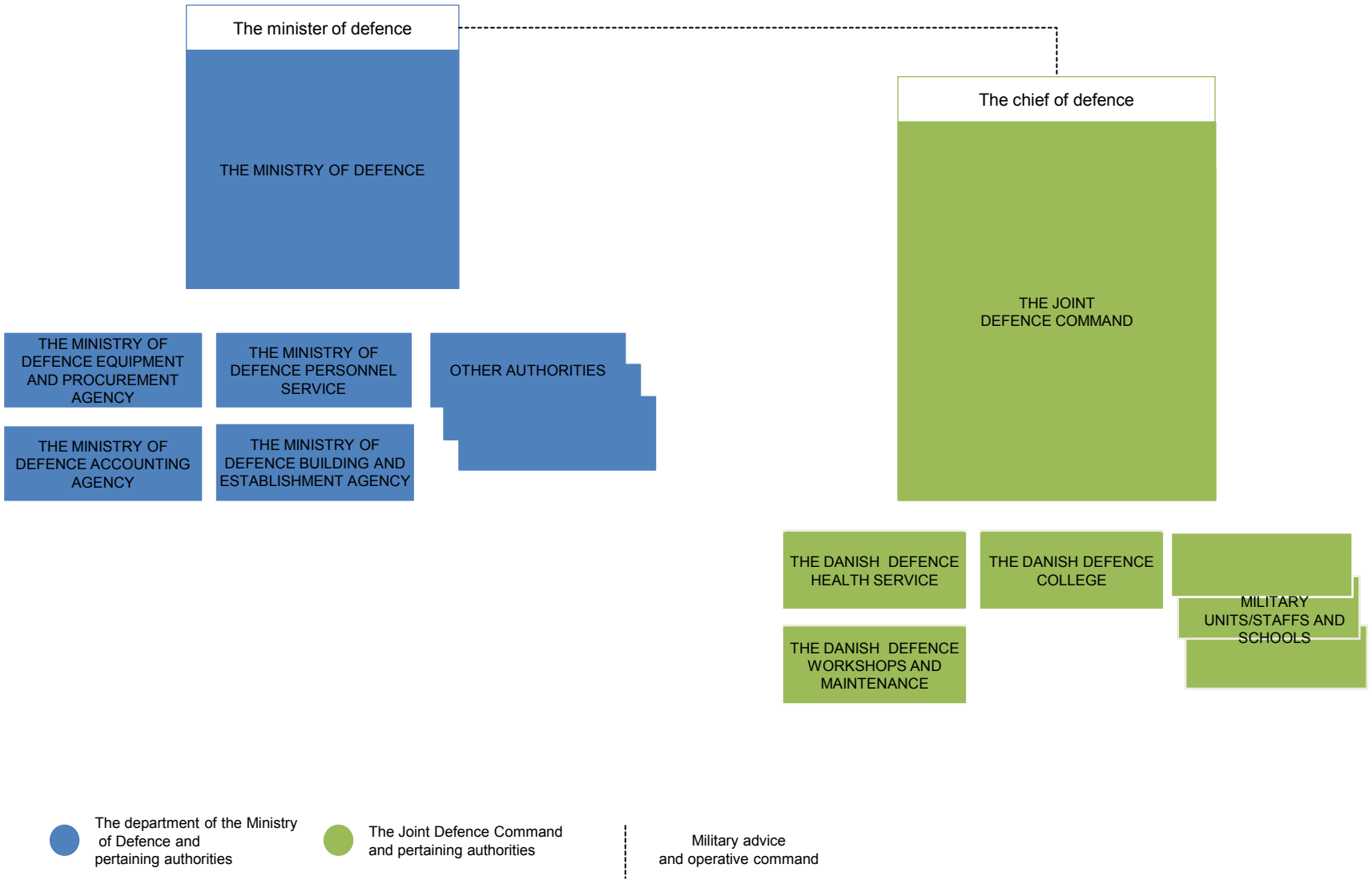
Due to his function as senior military advisor, the chief of defence will be included and thus have a direct influence on the part of the support function, on which the operational area relies. The military advice of the chief of defence will, therefore, be an important factor in the planning and resource allocation for the support function of, among other things, the deployed forces of the Danish defence, as well as the coordination of plans and their subsequent implementation in the operational area and the support function.

The overall planning and resource allocation will be carried out at the department within the framework of the political defence agreements and their implementation in the finance act, etc. On the basis of this, the department will work out a draft for the more detailed planning in the form of a multi-annual budget and plan/yearly programme, as well as the annual result contracts, negotiated and entered into with the heads of the agencies of the organisation, including the chief of defence.

Aided by his staff, the chief of defence will convert his fiscal framework into action programmes which will be indicative for the assigned units, staffs, and schools.

Consequently, the chief of defence will be responsible for the overall budget of the Joint Defence Command and its task solution. In this connection, he will need to ensure that the pertaining authorities, units, staffs, schools, etc., will solve the tasks assigned to them within the resource framework, and that they will contribute continuously to streamlining the task performance and the use of resources.

Appendix 3 – Future organisation



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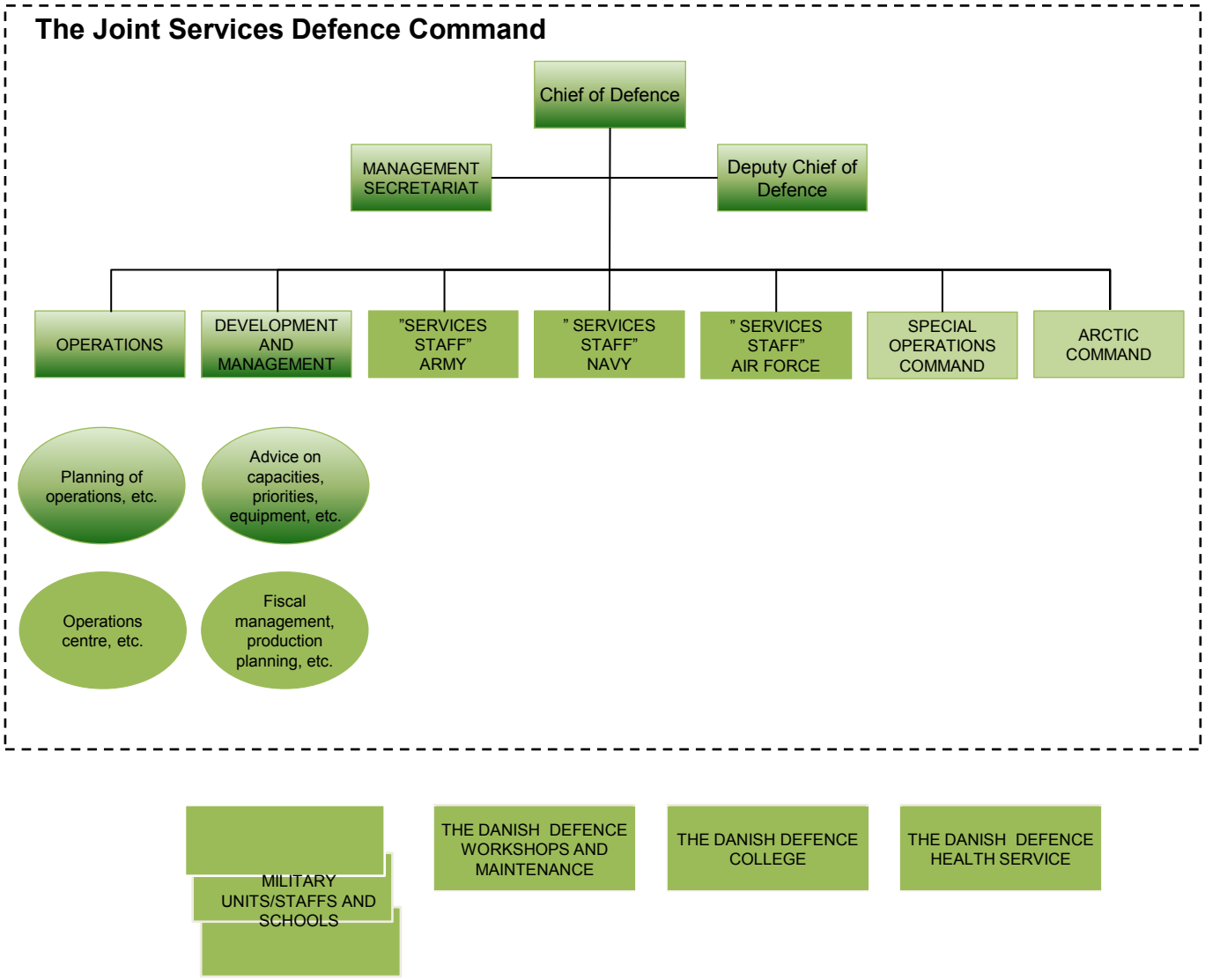

= Located together with the department of the Ministry of Defence, though with major parts of the staff in Karup. In Copenhagen it covers overall planning of operations, military advice on the development of the capacities of the Danish defence, policy and priorities within the area of responsibility of the chief of defence, as well as management support – in total abt. the equivalent of125 full-time employees.

Appendix 5

Strategic equipment projects

Strategic equipment projects can be both replacement procurement and new procurement.

This will typically be projects whose scope (in relation to the overall capacities and/or finances of the Danish defence), risk, or other significance is of such a nature that there is reason to ensure close management and connection to the political level, including to ensure the relevant involvement of the parties to the agreement.

Among other things, the department of the Ministry of Defence will ensure its control by handling the chairmanship of the steering committees for the project organisations in question. A separate organisation may also be established, as is currently the case with the programme "Nyt Kampfly" ('New Fighter Jet') which is a part of the department. This will be based on a specific assessment in each case.

The parties to the agreement will be continuously informed about which project organisations are being established in connection with strategic equipment projects.

Appendix 6

Coverage of economic fallout

Initiative	Contents, etc.	Status	Estimate of yield 2017 (PL2013)
Additional yield by outsourcing the establishment operation	- The Danish defence expects an additional yield besides those originally determined by outsourcing the establishment operation	The establishment operation in West Denmark is transferred to external supplier 1st February 2014.	DKK 40 million
Overhead reduction on the basis of personnel reductions	- Adjustment of the overhead costs of the Danish defence on the basis of the personnel reductions across the Danish defence mandated by the agreement	To be commenced at the beginning of 2014	DKK 20 million
Development of the further education of the Danish defence (master level)	- More flexible education divided into modules - Further education takes place at the same time as normal service - Further education takes place by means of remote education, among other things	Is expected to be implemented as of the middle of 2014	DKK 80 million
Discontinuation of the Combat Support Wing	- Closure of the Combat Support Wing - Transfer of the relevant parts to the capacities at the Army Operational Command and the Danish Defence Acquisition and Logistics Organization		DKK 30 million
Joint services engineering capacity	- Consolidation of combat engineers, munitions clearing, construction and infrastructure capacities, geo-spatial capacities and CBRN defence under the Army Operational Command	The parties to the agreement have been briefed in October. Implementation basis being drafted with a view to 2014 implementation.	DKK 5 million
Additional yield from joint services initiatives covered by the agreement	- From the Defence Agreement 2013-2017 appears a yield from joint services initiatives of DKK 151 million, including the set-up of joint services military police. Currently, the Danish defence expects an overall yield of DKK 188 million from the joint services initiatives determined in the agreement.	See the following lines	DKK 35 million
Joint services military police	- *Set-up of joint services military police embedded in Army Operational Command*	*Implementation basis being drafted*	.
Joint services logistics support	- *Set-up of joint services logistics support capacity covering communication, informatics and headquarters support capacities*	*Analysis commenced at the beginning of 2013*	.
Joint Services Operational Command	- *Set-up of joint services operational command including the army, navy, and the air force* - *Provided that a speedy decision is reached, the complete yield of DKK 96 million will be phased-in by 2018, while the yield for 2017 will be DKK 84 million*	*Waiting on political decision*	*DKK*
Joining of FPT, FSU, VETC, FCA	- *Consolidation of the personnel-related authorities of the Danish defence (the Danish Defence Personnel Service, Health Service, Veterans' Centre and Centre for Working Environment)*	*Analysis commenced September 2013*	*DKK*
Joining of FMT and FKIT	- *Consolidation of the Danish defence authorities in the equipment and IT area (the Danish Defence Acquisition and Logistics Organization and its Informatics Service)*	*Analysis commenced September 2013*	*DKK*
Joining of FAK and FCDFU	- *Consolidation of the Danish defence authorities in the educational area (the Defence College and the Danish Defence Centre for Digital Administration and Education)*	*Has been completed by the middle of 2013*	*DKK*
Additional yield by means of subjection to competition	- Further yield as a result of subjection to competition, including driving schools, the Navy's technical courses, and guard services	Analyses of driving schools and the Navy's technical courses are ongoing	DKK 30 million
Phase 2 of the Danish Defence Supply Agency and of the Danish Defence Maintenance Agency	Achievement of the agreement yield within depot, distribution, and equipment maintenance - Further optimization of depot and distribution structure - Further optimization of the workshop structure	To be commenced in the second half of 2013	DKK 40 million
Analysis of the administrative functions of	- Analysis of the administrative functions of the Danish defence with a view to optimizing the HR, finance and	To be commenced in the autumn of 2013	DKK 30 million

Initiative	Contents, etc.	Status	Estimate of yield 2017 (PL2013)
the Danish defence	communication functions - Covers economic fallout from the HR administration of the Danish defence		
Changed organisation of the Ministry of Defence and Defence Command Denmark	- Changed organisation of the Ministry of Defence and Defence Command Denmark	Waiting on political decision	Min. DKK 40 million
Total yield			**DKK 350 million**

Appendix 7

Expected effects on the number of military senior positions in the management of the Danish defence

It is expected that the senior management will include abt. 9 general's positions compared to 14 in the current structure (including the chief of the future Special Operations Command).

This is the equivalent of a reduction in the number of positions at general's level of abt. 35 p.c.

The number of other military positions in the management of the Danish defence will also be reduced, as it is expected that the reduction of military senior positions will be higher percentage-wise than the reduction of other military positions. The objective, therefore, is to reduce the military senior positions by abt. 30 p.c., while the reduction of other military positions is expected to be between 15 and 20 p.c.

The final determination of the number will depend on the final organisation, just as the grading of the wage level of each position will need to be settled with the organisation entitled to negotiate this matter.

Appendix 8

The Danish Defence Judge Advocate Corps

The military's prosecuting authority, the Danish Defence Judge Advocate Corps, consists of two authorities where the judge advocates are the equivalent of the public prosecutors and the police commissioners, and the judge advocate general is the equivalent of the public prosecutor. In co-operation with the Ministry of Justice, the Ministry of Defence will carry out an analysis of the options for strengthening independence regarding the processing of military criminal cases, including through a transfer of tasks to the civil prosecution. The analysis is to describe the derived consequences of this, including, among other things, organisational, employment-related, legislative, and financial consequences. Furthermore, the analysis is to assess the future geographical location of the Danish Defence Judge Advocate Corps.

The analysis will be presented to the parties to the agreement in June 2014 for a political decision.