Defence Capacity Statement Protocol

A practical governance method for maintaining and changing usable military capacity at the speed of relevance

1. Purpose

Governments already use defence strategies and capability plans to establish direction. Intervention logic explains how activities and outputs are expected to produce outcomes. Business cases appraise individual investments. Appropriations authorise expenditure, budgets allocate resources, financial statements report recognised assets and obligations, and military systems assess operational readiness.

The problem is not necessarily an absence of analysis. It is that the connection from strategic risk to usable military capacity is often divided among different organisations, documents and decision points. Information is prepared for different purposes. Responsibilities change during delivery. Assumptions about threats, technology, costs, industrial capacity and allied support may move faster than the formal process.

A programme may therefore pass every prescribed gate and still fail to produce the required military effect. Equally, an existing capacity may deteriorate or become strategically obsolete even though no individual programme has formally failed.

A Defence Capacity Statement is intended to preserve the complete capacity picture and make the decisions required to maintain or change it visible to those accountable for national-security outcomes.

It is not another capability plan, business case, readiness report or financial statement. It is a concise governance instrument connecting strategic risk, military effect, current usable capacity, material dependencies and required action.

2. The Two-Level Model

The protocol has two linked components.

A Standing Defence Capacity Statement

The Standing Statement covers an enduring military effect or strategically important capacity area. It is continuously maintained.

It shows:

- what government must be capable of doing;
- the strategic risk the capacity is intended to address;
- what usable capacity exists now;
- whether that capacity is improving, stable or deteriorating;
- its readiness, endurance, resilience and adaptability;
- the principal constraints and dependencies;
- the consequences of failure;
- and the decisions required from senior leaders.

The Standing Statement does not close when an acquisition is completed. It remains active for as long as the military effect remains strategically material.

A Capacity Change Record

A Capacity Change Record is prepared for a major acquisition, reform or other intervention intended to alter the capacity shown in the Standing Statement.

It records:

- the change required;
- the present baseline and capacity gap;
- the latest date by which the change must become available to remain strategically useful;
- the complete delivery system;
- accountable owners;
- dependencies and whole-life resources;
- delivery milestones;
- adaptation triggers;
- and the evidence by which the improvement will be demonstrated.

When the change has been delivered and its capacity improvement demonstrated, the result is incorporated into the Standing Statement. The Change Record can then close, while the capacity itself continues to be monitored.

Several Change Records may support one Standing Statement. The number of Standing Statements should be limited to strategically material effects or capacity areas requiring senior attention. The protocol is not intended to create a separate Statement for every platform, unit or procurement.

3. Core Concepts

For the purposes of this protocol:

Strategic risk is the threat, vulnerability or opportunity that government is seeking to address.

Military effect is the operational result government requires.

Capability is the integrated ability to produce that effect.

Capacity is the scale, availability, endurance, resilience, regenerative ability and adaptability with which the capability can be produced and sustained.

Usable capacity is what the complete system can reliably deliver now, rather than the equipment or nominal force held in inventory.

Latest useful date is the point by which a change in capacity must become available before delay materially reduces its strategic value.

Complete delivery system means all the assets, people, information, authorities, infrastructure, stocks, organisations, industrial support and external contributions required to produce the effect.

Adaptation trigger is a material change in risk, technology, cost, delivery performance, readiness, industrial capacity or external support that requires a senior decision to continue, alter, accelerate, suspend or stop an intervention.

The process begins by identifying the strategic risk and the military effect government needs to produce. It then establishes the usable capacity currently available and whether that capacity is sufficient, deteriorating or exposed to material dependencies.

Where change is required, the Statement defines what must be maintained, restored, replaced or expanded; the latest date by which the change would remain strategically useful; and the complete system of people, assets, information, infrastructure, authorities, stocks, industry and external support needed to deliver it.

Implementation is followed until the improvement has been demonstrated and incorporated into the updated capacity baseline. The cycle then continues as strategic risks, operational requirements and existing capacity evolve.

4. Governance and Ownership

The Statement will affect delivery only if responsibility and decision authority are explicit. The following responsibilities should be clearly distinguished.

These responsibilities are distinct. Strategic-risk and capacity-outcome accountability must remain explicit at the highest appropriate level. Delegating technical, procurement or component responsibilities must not transfer or dilute that accountability.

Strategic-Risk Ownership

A ministerial, national-security or equivalent senior decision body should own the strategic risk and approve the military effect required.

Where failure of a material capacity would create a significant national-security exposure, that risk should be reflected in the government's national-security risk framework.

The senior body should receive the Standing Statement at agreed intervals and whenever an adaptation trigger is crossed.

Capacity-Outcome Ownership

Named senior civilian and military leaders should be jointly accountable for the usable capacity outcome.

They are responsible for ensuring that the complete system—not merely the principal procurement—is maintained or delivered. They should have sufficient authority to require action across policy, finance, acquisition, workforce, infrastructure, intelligence, logistics and operational organisations.

This accountability should not be delegated entirely to the acquisition programme.

Capability/System Lead
Where a military effect depends on a complex system, a designated capability or system lead should maintain sufficient technical and operational knowledge to understand the system as a whole, challenge suppliers and contributors, identify dependencies and support the capacity-outcome owners in making informed decisions. This role may sit separately from legal ownership, procurement responsibility or operation of individual components.

Component Ownership

Every material contribution to the capacity should have a named owner.

This includes elements supplied by other services, government agencies, contractors, industry or allies. The owner should be responsible for the contribution, timetable, evidence, dependencies and consequences of non-delivery.

The decision-facing part of the Standing Statement should remain concise. It should identify a small number of critical capacity questions that require senior attention, rather than becoming a comprehensive dashboard.

Where delivery responsibility is shared across organisations or nations, the Statement should identify the accountable lead, contributing owners, respective decision rights and escalation arrangements. Where no single organisation controls the complete system, these should be set out in an agreed accountability framework.

For each material contribution, the Statement should distinguish legal ownership, operational control, funding responsibility, technical authority and decision authority.

5. The Standing Defence Capacity Statement

A Standing Statement should be prepared for a strategically material military effect or capacity area where deterioration, failure or delay would have significant operational or national-security consequences.

It should contain the following elements.

Strategic Purpose

The Statement should identify the strategic risk, the national interest concerned and the military effect required.

The effect should be defined clearly enough to identify the necessary scale, availability, endurance and broad operating conditions, while protecting classified information.

Current Usable Capacity

The Statement should describe what the complete system can reliably deliver at the reporting date.

Depending on the effect, this may include:

- deployable units or platforms;
- complete trained crews or formations;
- response time;
- sustainable operating days;
- stock depth and replenishment;
- maintenance and repair throughput;
- infrastructure availability;
- industrial production;
- data access, processing and sharing;
- and demonstrated interoperability.

The Statement should show whether capacity is improving, stable or deteriorating.

Readiness, Endurance and Resilience

The Statement should distinguish immediate readiness from the ability to sustain and regenerate the effect.

It should identify weaknesses that may not appear in headline inventory figures, including hollowed-out workforces, ageing platforms, maintenance backlogs, inadequate stocks, fragile supply chains and dependence on a small number of facilities or suppliers.

Adaptability

Capacity includes the ability to respond when the operating environment changes.

The Statement should consider:

- whether platforms and systems can be adapted;
- whether doctrine, training and command arrangements can change at the required pace;
- whether data and intelligence can support timely decisions;
- whether industry can scale or switch production;
- and whether sufficient organisational and financial flexibility exists to respond to unexpected demands.

Adaptability does not remove the need for strategic warning. It ensures that government can act when the risk picture changes.

Dependencies

The Statement should identify every external contribution essential to the effect and distinguish whether it is:

- nationally owned and controlled;
- supplied by another domestic public body;
- contractually assured;
- jointly provided;
- dependent on an ally or partner;
- dependent on market availability;
- or not yet secured.

The consequences of delay, rationing or withdrawal should be stated.

Capacity Risks and Decisions Required

The Statement should identify the few risks most likely to prevent delivery of the required effect.

For each, it should state:

- the evidence;
- the accountable owner;
- the likely consequence;
- the point at which senior intervention will be required;
- and the decision that may need to be taken.

6. The Capacity Change Record

A Capacity Change Record should be initiated when government considers a material acquisition, reform or intervention intended to maintain, replace, restore or expand the capacity shown in the Standing Statement.

It should begin before options are appraised and remain linked to the business case and delivery process without duplicating them.

Define the Required Change

The Record should explain:

- which capacity risk or gap is being addressed;
- what must change;
- why the change is required;
- what should become observably different;
- and the latest useful date.

A programme delivery date and a latest useful date are not necessarily the same.

Establish the Baseline and Binding Constraints

The Record should identify what the existing system can reliably deliver and what materially prevents delivery of the required effect.

Constraints may include:

- platforms or equipment;
- people and specialist skills;
- training and certification;
- policy or legislative authority;

- doctrine, organisation or command;
- maintenance and repair;
- stocks, munitions and fuel;
- infrastructure;
- data, software and information-sharing rights;
- logistics and strategic transport;
- industrial capacity and supply chains;
- contracting and regulation;
- allied access;
- interoperability;
- or governance and accountability.

The analysis should concentrate on constraints that determine the effect, rather than cataloguing every weakness in the wider defence system.

Define the Complete Delivery System

For each serious option, the Record should show how the proposed spending, reform and use of existing resources would address the identified constraints.

It should include, where material:

- equipment acquisition or modification;
- recruitment and retention;
- training;
- estate and infrastructure;
- maintenance and repair;
- stocks, spares and munitions;
- data acquisition, storage and exploitation;
- information and command systems;
- industrial arrangements;
- policy and legislative changes;
- organisational reform;
- assurance and certification arrangements;
- and joint or allied provision.

The causal logic should be explicit: why should each component remove a particular constraint, and how will the components combine to produce the required effect?

Assign Ownership and Resources

Every material component should have:

- an accountable owner;
- required financial and non-financial resources;
- a delivery milestone;
- an evidence source;
- a confidence level;
- and a stated consequence if delayed or unavailable.

The Record should identify acquisition and implementation costs, operating expenditure, workforce, training, maintenance, stocks, infrastructure, data, contractual commitments, liabilities and eventual decommissioning.

Establish Adaptation Triggers

The Record should specify which changes will require the intervention to be reconsidered.

Triggers may include material changes in:

- the strategic risk;
- the military effect required;
- technology;
- cost or affordability;
- delivery performance;
- operational readiness;
- industrial capacity;
- personnel availability;
- data or interoperability arrangements;
- and allied commitments.

Crossing a trigger should require an explicit senior decision. The original business case should not become a licence for an increasingly irrelevant programme to continue by inertia. Where responsibility is shared, the accountability framework should specify who has authority to determine that a trigger has been crossed and who must take the resulting decision.

Demonstrate the Improvement

Contract signature, expenditure and equipment delivery are milestones. They do not, by themselves, prove that capacity has improved.

The Change Record should remain active until the change has been demonstrated through appropriate evidence, which may include:

- operational testing;
- exercises;

- deployment;
- availability records;
- endurance or stock-consumption measures;
- maintenance performance;
- industrial throughput;
- data-sharing demonstrations;
- and independent review.

The verified result should then update the baseline in the Standing Statement.

7. Evidence, the Balance Sheet and Intangible Resources

The protocol should use existing information wherever possible.

Relevant sources may include:

- operational-readiness systems;
- capability plans;
- business cases;
- budgets and appropriations;
- financial statements;
- balance-sheet and asset-condition information;
- workforce and training records;
- maintenance systems;
- inventory and stock data;
- infrastructure plans;
- industrial assessments;
- risk registers;
- intelligence assessments;
- operational monitoring and control systems;
- and allied commitments.

When the Budget and balance sheet are connected, recognised assets, depreciation, deferred maintenance, liabilities and future obligations can inform resource choices rather than appearing only in year-end reporting.

However, modern military capacity also depends on resources that conventional accounts may not recognise, including data, software, intellectual property, access rights and specialist knowledge.

The Statement need not assign artificial financial values to these resources. It should identify:

- who controls them;
- what rights govern access, disclosure and sharing;

- what they cost to acquire, maintain and exploit;
- their expected useful life;
- and whether the people and systems exist to convert them into decision advantage and operational effect.

Each material claim should distinguish established facts from estimates, assumptions and unresolved information.

A simple confidence scale may be used:

High: supported by reconciled records, operational testing or independently verifiable evidence.

Moderate: supported by credible management information but subject to material assumptions.

Low: dependent substantially on estimates, incomplete testing or unsecured contributions.

Unknown: reliable information is not currently available.

Uncertainty need not prevent a decision. It should be visible, owned and scheduled for resolution.

8. Review and Decision Cycle

The Standing Statement should be reviewed at a frequency determined by the strategic-risk owner and whenever a material trigger is crossed.

Each review should answer five questions:

1. Has the strategic risk or required military effect changed?
2. Is current usable capacity improving, stable or deteriorating?
3. Are linked changes on course to be delivered by their latest useful dates?
4. Have any dependencies, assumptions or constraints materially changed?
5. What decision is now required?

The objective is not speed for its own sake. It is to keep the decision-maker's understanding sufficiently current that action can still alter the outcome.

9. Public and Non-Public Reporting

The public Standing Statement should be proportionate and concise. It should explain:

- the strategic purpose;
- required military effect;

- broad usable-capacity position and trend;
- principal risks and dependencies;
- material changes underway;
- whole-life implications;
- and decisions or milestones of public significance.

A non-public annex may contain detailed readiness information, stock levels, vulnerabilities, classified scenarios, technical performance, intelligence dependencies and specific allied commitments.

Classification should protect legitimate security interests without preventing authorised ministers, senior officials, military leaders and reviewers from testing the central capacity claim.

10. Assurance

Management assurance
The capacity-outcome owner should maintain the controls, evidence and risk-management arrangements necessary to support the capacity claim and escalate material risks.

Internal assurance
Internal audit, Inspector General or equivalent functions should assess, at an appropriate frequency, whether those controls operate effectively, whether significant risks and trigger breaches are reported, and whether agreed actions are followed through.

External assurance
National audit institutions or other competent external bodies may provide independent assurance where this falls within their mandate. External assurance should complement, not substitute for, management and internal assurance.

Where appropriate, the Standing Statement should be integrated into existing internal-control, risk-management or annual governance processes, including a Statement of Internal Control or equivalent, rather than operating as a parallel assurance system.

Operational judgement remains the responsibility of the appropriate military authorities.

Financial auditors may test expenditure, recognised assets, liabilities, provisions, commitments and whole-life assumptions.

Relevant assurance bodies may assess whether:

- the baseline is supported by evidence;
- capacity risks and trends are presented faithfully;
- material constraints and dependencies have been included;
- accountable ownership is clear;
- Change Records plausibly address the identified gap;
- latest useful dates and adaptation triggers are explicit;
- senior decisions were taken when triggers were crossed;
- and the promised improvement was subsequently demonstrated.

Assurance should test the evidence and governance of the capacity claim. It should not substitute external judgement for military command.

The Statement should not become a compliance scorecard. Measures should remain few, decision-relevant and focused on usable capacity. Reporting and assurance arrangements should support candid assessment and timely decisions and should not create incentives for defensive reporting, gaming of indicators or diffusion of responsibility.

11. Expected Outputs

An application of the protocol should produce:

1. a concise Standing Defence Capacity Statement;
2. one or more linked Capacity Change Records;
3. a structured schedule of owners, milestones, dependencies and adaptation triggers;
4. a non-public evidential annex where required; and
5. a short note identifying information, management and assurance gaps.

The scale of the exercise should be proportionate to the strategic importance and complexity of the capacity concerned.

12. Evaluating the Protocol

The protocol should be judged by whether it improves decisions and delivery, not by the volume of information produced.

An initial application should be evaluated jointly by the strategic-risk owner, the capacity-outcome owner and an appropriately independent assurance function. External review may be added where appropriate.

An initial application should ask:

- Did it reveal deterioration or hollowing-out earlier?

- Did it expose constraints or dependencies before they became critical?
- Did it connect readiness, investment and strategic risk?
- Did it clarify who owned the capacity outcome?
- Did it prompt a programme to be adapted, accelerated, suspended or stopped?
- Did it preserve the capacity logic through institutional handovers?
- Could senior decision-makers understand what action was required?
- Could authorised reviewers test whether the improvement was achieved?
- Did it add useful discipline without creating disproportionate bureaucracy?

Core Proposition

A strategy can define an ambition. A capability plan can describe a future force. A business case can justify an intervention. A budget can fund it. Accounts can show the financial position of recognised assets and obligations. Readiness systems can describe aspects of current performance.

A Defence Capacity Statement should connect them around the strategic risk, keep the usable-capacity position visible, assign ownership for required action and ensure that capacity is maintained or changed while it is still relevant.